

ANDERSON SAFE & LOCK CO.

TAKING ON THE  
BANKS



THOMAS ANDERSON

BOOK IV

ANDERSON SAFE & LOCK CO.

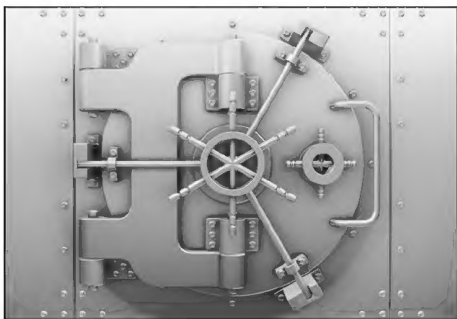
TAKING ON THE  
**BANKS**



THOMAS ANDERSON

BOOK IV

# TAKING ON THE BANKS



THOMAS ANDERSON  
BOOK IV

COPYRIGHT 2009. THOMAS ANDERSON TM

Originally published September 11, 2009, this version revised Feb 2012.

ALL RIGHTS RESERVED

## **INDEX**

- 3. INTRODUCTION
- 4. TAKING ON THE BANKS
- 6. BEFORE YOU START
- 7. WHAT'S GOING ON?
- 9. INTERVIEW WITH A BANK MANAGER
- 11. RESPONSE LETTERS
- 23. LEGAL VS LAWFUL
- 24. THE T ACCOUNT OR GENERAL LEDGER
- 27. THE RESERVE BANK OF AUSTRALIA
- 29. LEGAL TENDER
- 30. LETTER TO THE RBA
- 32. WHO MAKES AUSTRALIA'S BANKNOTES?
- 35. HARASSMENT
- 38. SHADOW LEDGERS
- 40. RED BOOK TERMINOLOGY
- 41. THE MAHONEY CREDIT RIVER DECISION
- 44. WALKER TODD AFFIDAVIT
- 59. DEFAULT JUDGEMENTS
- 62. ATM FEES
- 64. TEMPLATE LETTER
- 65. OPENING STATEMENT
- 67. AUTHORITY FORMS
- 70. TERMINATION OF CONTRACT
- 72. UPDATE – SECURITISATION

## INTRODUCTION

Welcome to the fourth book in the series, which is dedicated solely to the continuing struggle against what I consider to be the biggest scam and legalised criminal activity in the world today – Banking.

If you have already read books one and two, then this book will assist you to further comprehend what is going on and give you some more ammunition to deal with your claims and personal issues.

Those who haven't yet read *Classified* or *Eyes Only* I strongly suggest closing this book right now as you need the information in those books to follow what I will be discussing.

To all those who have taken the pro-active step to do something about this fraud, I congratulate you on taking the step toward truth, regardless of what opposition you may have likely received, you are still going in the right direction.

This is not a book with lots of pretty pictures as per the first three in the series, but rather a more condensed package of information, designed to compliment the others. It was not really meant to be a stand-alone book. This is the extra information and updates that were not able to be included in books one and two.

Thanks for your continued support.

Best Wishes



THOMAS ANDERSON TM

*2012 Update: Please note that since writing this book in 2009, I have spent a great deal of time investigating mortgage fraud and securitisation, and that research can be found in book 5 (Revolution) and book 7 (The Banking Elite)*

*Book 8 (Cosmic Top Secret) also contains a 20 page guide to doing your own securitisation research using the US SEC and the ASX.*

## TAKING ON THE BANKS

**BANK BEATS DOWNTURN | CEO's cautious optimism**

# What crisis? CBA profit comes in at a cool \$4.7bn

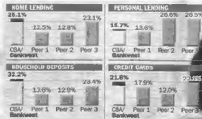
FLEUR LEYDEN

COMMONWEALTH Bank has come through the economic turmoil of the past 18 months with minimal damage, delivering a \$4.73 billion full year net profit.

However, chief executive Ralph Neville warned Australia's economy was not out of the woods yet, with rising unemployment and slowing credit growth making the outlook uncertain.

The bottom line result was virtually on par with the \$4.7 billion profit it booked in 2008, while its cash earnings, the preferred measure of profitability, were in line with expectations despite dropping by 7 per cent to \$448 million.

### CBA MARKET SHARE



The other day, a friend of mine asked me to help her get back the \$30 "dishonour" fee that the bank had charged her.

I went into the Bank with her and requested that the money be returned to her account. She was shaking, so I asked her why she was so nervous, when she should be angry that these crooks have stolen her hard earned money. She suddenly gained perspective on the reality of the situation.

I told the girl at the desk that we were here to request that money be returned to my friends account. Initially we met with opposition, so I started asking questions. I asked if the Bank had lost any money, or if anyone besides my friend had lost any money, I asked if they were punishing her by fining her in this manner, I asked if anyone had actually done any work that might warrant her to be charged a fee for their services, and if so, could we have an invoice.

Needless to say there were no answers to any of these questions, except that the girl admitted the "computer" probably did all the work and that it was just policy.

She asked us to take a seat while she spoke to the manager, who had disappeared into his office. She came out very flustered, and said that they would refund the money this time.

My friend then asked "what about all the other times, obviously you can do it, you just don't want to".

She said "I told you we'll refund the money" to which I commented "big deal, what about the millions of other people around Australia that the Banks steal from everyday, it's no wonder the Commonwealth posts a \$4.7 Billion dollar profit".

The girl nearly broke down and cried. She was completely unprepared to hear the truth, as were all the staff who proceeded to either shut themselves in their offices, left for lunch or pretended to talk on their phones.

There is one thing that Banks do not like, and that is questions. It reminded me of the John Carpenter film "They Live" when Roddy Piper discovers the glasses that allow him to see the subliminal messages in the advertising posters and billboards that say things like "DO NOT QUESTION AUTHORITY" and "OBEY".



Don't expect this process to be easy, or for the Banking minions to be helpful, as you are challenging their very existence and belief system.

It disturbs me whenever I get an email such as this to say that yet another Bank has taken away property or money from people unlawfully, ignoring their requests and acting however they choose to act, seemingly untouchable...and it is about time we all put an end to it.

**Hi Thomas,**

***Well the banks screwed us over. They took money from an account that we left only enough in for one weeks worth of mortgages and paid the credit card and personal loan that we had used the process and had found a notary public to sign etc.***

***They completely ignored the paperwork and signed judgement and just took the money out. I am assuming that by them doing this, they have recontracted us. This also left us in overdraft for and no \$ for the weekly repayments - and we got charged dishonour fee. Unbelievable - they just do what they please.***

***At present neither my husband or I are employed so we have no income and the bastards do this...***

You can help stop this from happening by refusing to do business with them, take away your commercial energy from the system and stop being a debt slave.

Better still, join together to form a class action against one of the top four banks, and keep the questions simple. In the end there is only one question.

## **BEFORE YOU BEGIN**

I want to point out here and now that I encourage you to begin this process BEFORE there are any issues such as collection agencies, call centres, credit reporting agencies, lawyers, default judgements etc involved.

The reason for this is simple. It is much better to approach it from a position of the Plaintiff than the Defendant.

Also once your strawman's "account" with the Bank crosses over into the collections department, it becomes exceedingly frustrating and difficult, if not impossible to speak to anyone of any relevance or get anywhere.

Believe me when I say I have spent the past six months enduring hundreds of phone calls to complete idiots, and have wasted countless hours in the process before working out what is going on and how to approach it.

Never speak anyone other than an Authorised Bank representative, that has Banking experience (yes I know that seems obvious, but I have not spoken to many who do) and that know what a T-Account is. You must ask them before you continue the conversation.

Even my Bank Manager tells me that he is not "privy" as to how loans are approved, or where the money comes from. He was however able to tell me what I suspected all along, and that interview is included later in the book.

Getting back to the Collections Department, think of it as being just a room full of telemarketers, with no Banking experience, limited knowledge, no first hand personal experience and no real knowledge of your account or even what the ones and zeroes actually mean.

All they know is the script that they have been taught, and the answers that they are able to give are restricted to what is written on their screens or prompt sheets.

It's no wonder that many of you have been getting the run-around, or the same old tired, non-response letters, or letters saying that your Notices have no legal effect.

It's just a smokescreen to make you think that there is no hope. Nothing could be further from the truth.

Book one introduced you to the fraud and gave you some templates to start you off, which were based on the research of Tom Shauf in his book "The Secret Banker's Manual" and were adapted and changed to suit Australia. As most of you have experienced, the letters alone do not really have much impact, however it does create a paper trail that you will need later.

Think of it as a strategy game. You need to put certain things in place so that later in the game you can call upon them when needed. If they weren't there, then you might not be able to pass to the next level.

Those who have read book two will now know the truth about the Notary process, and also why it does not work.



The key is to find the right people to talk to at the right time in the right place, but that in itself can be a long and tedious process of elimination, transfers, dead ends, silence, denial and frustration as you play tennis with the Bank, volleying letters and phonecalls at each other. It will help you greatly if you are approaching this from an offensive position and not a defensive one.

When it became clear to me that we're dealing with the wrong departments all the time, I changed strategy and began approaching the Bank and the issues in a more direct way.

The letters got shorter, my responses and attitude became more serious and narrowed down my questions to one basic standpoint that they Banks absolutely hate.

*Q: Did the Bank actually loan my client any of it's own pre-existing money or assets, including money or assets that it may have borrowed from another institution, or did it merely monetise the loan instrument creating a credit on account through bookkeeping entries that it used to fund the loan. If so, that would be an exchange, not a loan, and my client would not have had full disclosure that they were the source of the funds.*

Whenever I receive a phone call from a call centre or debt collector, I advise them that I only deal directly with the Bank, and quote the name of the manager, then hang up. I never say any more or less now, as it is pointless, mindless dribble and a waste energy, so don't fall into that trap of offering information or verifying any details.

## WHAT'S GOING ON?



As I've explained before, this is essentially a war that is going on. The Government supports the Banks and their fraudulent practices because they are subservient and dependent upon them for their existence.

We, as the supposed slaves to their system are expected to conform and not ask these sorts of questions, and therefore the responses you get are tailored to confuse, deny and generally leave you with a sense of hopelessness.

The inner Banking core of Elite are the same men that control the world, set up and regulate the money supply, start wars, instigate mass genocide and murder and at the same time make incredible profits from us. We are talking about a conspiracy so great that most cannot believe it could exist, and of course challenging that massive machine is not an easy task.

They are not about to disclose to you the fact that there is no more money, or that that is in not backed by anything of value, although most of you have already worked that out. They will not come out and admit to creating money out of nothing, by a few taps on a computer keyboard, then expect you to be their slave for the next 30 years to pay them real value, your labour.

Money is no more than an agreed means of exchange, and should not be confused with assets or value, as it exists in the digital realm as ones and zeroes on a computer somewhere.

How many of you have wanted to buy something, but they don't have ETFPOS (electronic funds transfer - point of sale).



At that point you realise the futility of it, what if no-one accepted plastic?

All it really is, is a thankyou. If every time you bought something and they accepted your thankyou as payment, you would have a means of exchange, but not one that was able to be regulated and controlled.

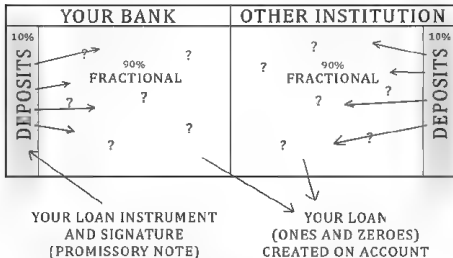
## INTERVIEW WITH A BANK MANAGER

The interview that I promised in book two finally happened the other day, and it was good to receive some feedback from a Bank Manager.

The main thing that I was interested in was the creation of money, and where the funds come from to support their loans.

He told me that the Bank prefers to "raise" it from deposits, as it is cheaper for the Bank to do so. I asked him to explain exactly what that meant.

To illustrate what happens I have created this chart.



As you might already know through the rule of fraction banking, the Bank can loan out up to nine times more than it's deposits (I have heard that this ratio is sometimes greater).

Therefore a customer's deposit of \$100 means that the Bank can loan out up to \$900.

This "money" does not really exist, it has been loaned into existence, and is essentially a book entry creation.

The shortfall for loans is then outsourced from other institutions, sometimes overseas, but you must remember that those other institutions are doing exactly the same thing.

In this way, you can see that the majority of the "money" that you are loaned came from thin air.

He also explained to me the difference between an Honour Fee, and a Dishonour Fee.

One is the payment which has overdrawn the account has been honoured (Allowed to be processed) therefore being an "Honour Fee".

Second - If the payment being processed overdraws the account and is dishonoured (Rejected) it is a "Dishonour Fee".



Now many banks and staff will claim that you have had the "benefit of the transactions", especially when referring to credit card facilities. This is true, and I am all for being charged a transaction fee, but not to pay the principal, which the Bank created out of nothing.

This process is in essence fraud and misrepresentation, regardless of which way you look at it, or if the government supports it or not.

In contract law, if there is fraud or misrepresentation, or a lack of consideration, the contract is null and void, and in this way you can challenge any obligation to perform.

This is precisely the reason for the Mahoney Credit River Decision, which I have included in this book.

There was no equal consideration to support the formation of the contract, and no full disclosure. The contract therefore is null and void by way of misrepresentation.

The Banks (and I refer to all of them as I've been dealing with most of them), will do their best to get around your questions, as shown in the following letters and responses.

We have been doing our best to keep the pressure on them to make them aware that we know what is going on, and that we are prepared to make an application to Court to compel them to answer under oath.

It has become a standoff, a stranglehold if you like, in a real life game of Chess.

At each turn however we learn more about how to reply, what to say, what does and doesn't work, who to talk to, what to say, and not to say, and also what to do when something goes wrong.



Commonwealth Bank of Australia  
ABN 45 123 123 124  
Customer Care & Solutions

PO Box 9923  
Parramatta  
NSW 2124

Telephone (02) 9541 6470  
Facsimile (02) 9641 6670  
Internet: [www.commbank.com.au](http://www.commbank.com.au)

12 August 2009



**Re:**  
**Account Number:**

Thank you for your correspondence of 13 July 2009 in regard to the above account.

In your letter you requested the Bank provide information addressing your concerns within a seven (7) day timeframe. Please refer to the letter issued by the Bank on 6 July 2009 and note that your demand does not change [REDACTED] obligations under the contract.

I have enclosed a copy of the 'Notice of Assignment of Debt' letter issued 9 February 2009, for your reference. Effectively, the Bank had assigned all its legal and beneficial rights in relation to this debt to Accounts Control Management Services Pty Ltd.

Please contact Accounts Control Management Services Pty Ltd on 1800 673 068 should you require any further information regarding the above account.

I trust that this information is of assistance to you in this matter.

Regards,

Customer Care & Solutions  
Commonwealth Bank of Australia

Here is an example of a common response to the Notice of Adequate Assurance of Due Performance.

Most would be put off or dissuaded by this sort of reply, but please ignore it, as it means nothing at all.

Westpac Banking Corporation  
Stefan Edwards  
Counsel  
Dispute Resolution Group

Wednesday 15<sup>th</sup> July 2009

Dear Mr Edwards,

I am in receipt of your letter dated 7th July 2009 regarding [REDACTED]

I am sure that [REDACTED] will be most pleased to hear that Westpac have again mispaced the Authority form [REDACTED] has given you, which allows me to act on her behalf as Authorised Agent, so I suggest you either find it, or ask her nicely for another one.

Regardless of Westpac's mismanagement and lack of care in regard to paperwork, the fact remains that you have not answered any of my questions, so I shall treat your letter as being of no consequence.

I have no option therefore but to declare this contract null and void by way of misrepresentation and lack of full disclosure.

This renders the contract unenforceable, (bank) and cancels any and all collection activity, past or present including but not limited to any assignment of debt, judgement claim or other action without further notice. We also demand full repayment of any and all money paid to the Westpac Banking Corporation into this account by my client.

Further, any attempt to re-contract, coerce, contact, harass or make further claim against my client is prohibited.

#### FINAL NOTICE AND DEMAND

Unless you can provide evidence within seven (7) days to prove that the Westpac Banking Corporation actually loaned its own pre-existing money or assets to my client, (including money or assets the Bank may have sourced from another institution), and did not merely monetise the loan instrument, creating a credit on account through bookkeeping entries that it then used to fund the loan, then this matter is closed.

Regards



Thomas Anderson

For and on behalf of [REDACTED], who is the Principal Creditor for [REDACTED]

I like to respond to the Banks letters in a prompt and aggressive manner, and let them know that I do not appreciate their lack of professionalism.

You'll notice the final notice and demand section of this letter.

This is the one question that mentioned before, the only really important question we should all be asking. This is what we should all be compelling the Banks to answer under oath in a court of law.

Although the questions raised in the Notice of Adequate Assurance provided in book one give you an insight into how the Banks create money, I believe they can be shortened down to the most basic to keep focus. Once you start to move up the ladder in the chain of command, you start to push buttons that results in letters from people other than the usual droids. In this letter, Stefan Edwards from Westpac claims "there is nothing in my correspondence that waives or diminishes my client's obligation to repay any loans." He is telling us that it is not a "legal" document, and therefore has no effect



Australa's First Bank

Westpac Banking Corporation ABN 33 007 457 141

Dispute Resolution Group  
Level 29, 275 Kent Street  
Sydney NSW 2000 Australia  
Telephone: (02) 8251 3106  
Facsimile: (02) 8251 1214  
edward@dispute.westpac.com.au

7 July 2009

Dear Mr Anderson

Thank you for your correspondence dated 4 June 2009 to Peter Logan, State General Manager. As Counsel, Dispute Resolution Group I have been asked to respond directly to the matters raised.

Westpac has a duty of customer confidentiality, and I will require evidence of your authority to act on [REDACTED] behalf before responding more fully to the issues raised. Accordingly, I would be grateful if you could supply at your earliest convenience.

In this letter we advise there is nothing in your correspondence, or prior correspondence which constitutes an agreement of any sort. There is also nothing in your correspondence which waives or diminishes [REDACTED] obligation to repay any loans in my hand with Westpac.

I am happy to discuss this matter further with you and can be contacted on the above telephone number. If [REDACTED] is experiencing financial hardship I suggest [REDACTED] contact Westpac Assist on 1800 067 497 to see if hardship assistance can be provided.

Yours sincerely  


Stefan Edwards  
Counsel  
Dispute Resolution Group

PRIVATE & CONFIDENTIAL

Mr Roy Gori,  
Chief Executive Officer,  
Citibank Australia  
Citigroup Centre  
2 Park Street  
Sydney NSW 2000

Dear Mr Gori  
Re: CITIBANK VISA CARD

On the 18<sup>th</sup> May, 2009 I served a "Notice of Adequate Assurance of Due Performance" on your Head of Personal Banking at Citigroup Pty Limited, GPO Box 3483 Sydney NSW 2001

The reason I served the notice was to establish the facts and verify if indeed Citibank actually loaned any of its own money to my client, or if Citibank merely monetised the loan instrument, creating a credit on account through bookkeeping entries, that it then used to fund the loan and electronic transactions

This would be an exchange, not a loan, and my client would not have had full disclosure of the fact that she was the source of the funds, as it is not mentioned anywhere that I am aware of in the credit card contract.

Since early May I have made every effort to be helpful and resolve this issue with members of your staff, but quite frankly I have found this to be quite impossible. During a number of my phone calls I have frequently been advised that Citibank employees "do not have any banking experience or understand simple accounting practices". Despite my repeated requests, I have been quite unable to access any of your more senior staff that may be more qualified to answer my questions - my calls have invariably been diverted to call centres. After many attempts during the last two months I still have not managed to speak to anyone who appears to have any professional accounting experience or qualifications - and certainly no one prepared to deal with this matter responsibly.

It appears your staff can only mimic certain stock phrases and never use any initiative or intelligence in dealing with my calls, and yet this is a very serious issue.

I do not necessarily wish to be forced to pursue this matter in the public domain through either Cannex or ASIC, or in a court of law where the bank is required to answer in front of a magistrate. This could attract a good deal of adverse publicity for the bank, and possibly create a precedent such as the Credit River decision.

For two months I have striven to obtain some prompt answers to my very legitimate questions but the evasive behaviour of your senior staff, and the complete inadequacy of your junior staff, has made me feel very uneasy, and my client has become duly suspicious of the bank's activities.



For two months I have striven to obtain some prompt answers to my very legitimate questions but the evasive behaviour of your senior staff, and the complete inadequacy of your junior staff, has made me feel very uneasy, and my client has become duly suspicious of the banks activities.

It is with a sense of great relief that I accessed your contact details on the web. I note that you hold a degree in Economics and Finance and that Citibank has recently won an award from Cannex, the highly prestigious and premier researcher of retail finance information.

I am now confident that, if you would be kind enough to deal with the matter, the concerns I have regarding my client's account with Citibank can be quickly resolved.

To fully acquaint you with the historical facts of this matter, I am attaching herewith a copy of the Notice I served on your Head of Personal Banking on the 18 May, 2009, and I am also serving you a "Default and Demand Notice".

I look forward to receiving your prompt response to my queries.

Yours sincerely

**Thomas Anderson**

## **SILENCE**

One of the reasons that this book took such a long time to complete in any coherent manner, is the lack of information provided by the Banks, and the length of time it takes to get any reply at all, if any.

You'll notice the date of the original notice on that letter is 18<sup>th</sup> May, and it is now September, and I have not yet received a response.

Here is a letter I prepared for a client who had already received a Default Judgement.

## COMMONWEALTH BANK

### CUSTOMER RELATIONS

Via Fax

Thankyou for the opportunity to discuss this matter. As you may be aware, I have been approached by my client to act on her behalf as Authorised Agent.

To preface my involvement, I should clarify that I have no prior connection to my client or beneficial interest, nor am I a solicitor or lawyer, and I am not charging her for my time. I am a researcher and author, primarily into areas of banking that the general public and most bank staff are unaware of.

People come to me to act as a mediator between banks, debt collectors, solicitors and themselves when they feel that something is not quite right, or if they feel that something is being withheld from them.

With regard to my client, it is my belief that a default judgement has already been entered by the Victorian Courts and subsequently ACM group have become involved in relation to the alleged loan or loan of credit. I have spoken with ACM, however they are quite rude and the two women were completely unprofessional and lacking in experience.

As you may be aware, in contract law, for there to be a valid and enforceable contract, there must be several key elements, one of which is full disclosure

This is exactly what I need to clarify with you, as it pre-dates everything else that has transpired since, and can render a contract null and void by way of misrepresentation

We are not denying the existence of a contract, or that my client has had the benefit of any transactions. What we are asking for is full disclosure about how the obligation was created.

My key questions to the Commonwealth Bank, and to all parties involved including ACM are as follows.

1. Did the Commonwealth Bank at any time during the course of it's interaction with my client, actually loan her any of it's own money or assets?
2. Did the Commonwealth Bank monetise the loan instrument, creating a credit on account through bookkeeping entries that was used to fund the loan or loan of credit?
3. During any of the credit card transactions, did the bank receive anything of value from the merchant such as a receivable or credit on account that it used to return the same value back to the merchant?
4. Did the Commonwealth Bank, at any time, incur a loss through its dealings with my client?
5. Are you able to show us a copy of the T account (general ledger) that shows how the original obligation was created?
6. Are you still the holder of the original unaltered promissory note?

There are several options that I can see here in relation to this matter. We are prepared to make an application to the Court naming the Commonwealth Bank and ACM Group as the defendants in the matter, and submitting several documents including the Credit River decision, along with Affidavits compelling the Bank to provide full disclosure of the nature in which it creates money on account.

Regards

Thomas Anderson



Commonwealth Bank of Australia  
ABN 48 123 123 124  
Customer Care & Solutions

PO Box 9823  
Parramatta  
NSW 2124

Telephone (02) 9541 6479  
Facsimile (02) 9541 6970  
Internet [www.commbank.com.au](http://www.commbank.com.au)

Thank you for your correspondence of 25 June 2009 in regard to the above account. In your letter you raise a number of points where you seek specific comment and undertakings.

In this regard, advise that Commonwealth Bank of Australia credit contracts are valid and enforceable contracts under Australian law. Full disclosure under the contract is made in accordance with Australian law and in accordance with the applicable Australian Standards. In the Bank's day to day operations as a bank it sources the funds that it lends from various sources, including the raising of deposits.

The Bank accounts for these credit contract transactions in accordance with the Australian equivalents to the International Financial Reporting Standards and the requirements of the Corporations Act 2001. Public accounts are available on the Bank's website [www.commbank.com.au](http://www.commbank.com.au) and each individual account is represented in account statements issued from time to time.

I trust that this information is of assistance to you in this matter.



21/08/2009

Direct Line: 02 8226 4277



C. Thomas Anderson  
PO Box 7380  
WEST LAKES SA 5021

RE: American Express "American Express")

Your account has been referred to Collection House Limited from our client, American Express Australia Limited (ABN 91 108 552 085). We have been instructed by our client to work with you to reach a mutually agreeable solution to your financial circumstances. We request you contact our office within 7 days of this notice to discuss your account.

We ask you to ensure that any direct debits authorised by you on the above account are cancelled immediately to avoid further charges. Details of any active direct debits can be found in your previous American Express statements.

Please note that your failure to pay may result in American Express making a default report listing with a credit reporting agency.

Please contact us on 02 8226 4277 as soon as possible to discuss this account.

Yours faithfully

COLLECTION HOUSE LIMITED

Justin Watson  
Site Manager - Contingent Collections

Collection House Limited and its related companies ("CH") collect personal information for the purposes associated with recovering debt. CH may disclose personal information to service providers such as lawyers and commercial agents related companies, credit reporting agencies and to clients. Contact details will be used for location purposes throughout the CH group. If you wish to ask for access or update your personal information, please contact the Public Access Unit on 07 3017 3159 or write to Public Access Unit, PO BOX 2247 FORTITUDE VALLEY BC QLD 4006. fax 07 3031 6655 or email [privacy@collectionhouse.com.au](mailto:privacy@collectionhouse.com.au).

Collection House Limited  
Licensed Commercial Agent  
ACN 014 230 718

Level 27/8 Margaret Street  
Sydney NSW 2000  
GPO Box 3119  
SYDNEY NSW 2001

Telephone 02 9226 4277  
Facsimile 02 9221 8842

We started reporting the behaviour of the Banks and Credit Providers to ASIC, APRA, The Financial Ombudsman and the RBA. These are some of the responses.

## REPLY FROM ASIC



**ASIC**

Australian Securities & Investments Commission

Commonwealth Bank Building  
240 Queen Street, Brisbane  
GPO Box 9637 Brisbane QLD 4001  
10X 122 Brisbane

Telephone 07 3661 4700  
Facsimile 07 3661 4725

As you may be aware, ASIC currently has limited jurisdiction in relation to Australia's credit industry. However, I advise that your allegation that GMAC has engaged in harassment with respect to your client and associated individuals is of particular concern to ASIC, and this issue has been referred to ASIC's Deposit Takers, Credit and Insurance Team for further consideration.

Despite this decision, please be aware from the outset that any action ASIC may take in this regard will be of a regulatory nature, and is unlikely to directly assist in resolving your client's current situation. Further, ASIC is unable to provide ongoing comment in relation to any regulatory activities it may undertake, and is prohibited from providing legal advice to your client.

## LETTER FROM APRA

Dear Mr Anderson,

Thank you for your email of 12 August 2009.

*The Australian Prudential Regulation Authority (APRA) is the prudential<sup>1</sup> regulator of authorised banks, credit unions, building societies, general insurance and reinsurance companies, life insurance, friendly societies, and of superannuation funds (other than self managed funds and a number of Government funds).*

*Our mission is to establish and enforce prudential standards and practices designed to ensure that, under all reasonable circumstances, financial promises made to depositors, policy holders and fund members by institutions we regulate are met within a stable, efficient and competitive financial system.*

*We have powers to require financial institutions to observe prudential standards such as appropriate capitalisation, liquidity and governance – and to intervene if we believe that the interests of depositors, policy holders or members are at risk.*

*We also have extensive powers of investigation, intervention and administration. But we provide no absolute guarantee regarding the management or performance of an APRA-regulated institution.*

*APRA receives regular reports from all the institutions that it supervises, and we regularly visit them and analyse their activities on site.*

*Along with intelligence gathered from many other sources, including meetings with auditors and actuaries, complaints from the public and from previous visit to institutions, these are used to assess the risk of each institution failing to meet its obligations.*

*On this risk assessment APRA decides how closely to monitor the activity of each institution and whether and when to intervene.*

*The Prudential Standards set by APRA for Authorised Deposit Taking Institutions including standards on capital adequacy and liquidity can be accessed via the following link.*

*<http://www.apra.gov.au/ADI/Prudential-Standards-and-Guidance-Notes-for-ADIs.cfm>*

*You may wish to direct your question relating to the financial position of the Australian Government to the Commonwealth Treasury.*

*The Prime Minister has announced an unlimited Government guarantee of all the deposits held in Australian-owned banks, Australian subsidiaries of foreign-owned banks, building societies, credit unions.*

*The guarantee on deposits up to \$1 million in these entities is at no fee. Deposits held by Australian residents in branches of foreign banks in Australia are also eligible for the guarantee, but there is no fee-free threshold.*

*For a list of the deposits and entities covered by the Government guarantee and conditions applying please visit the Treasury website at [www.treasury.gov.au](http://www.treasury.gov.au)*

*There is also now an Australian Government website specifically for the Government's guarantee of large deposits and of wholesale funding.*

*It is <http://www.guaranteescheme.gov.au/>.*

*You may wish to also speak with the Australian Securities and Investments Commission (ASIC). ASIC is responsible for the operation of the market for financial services and products, including the disclosure of information by financial institutions in Australia.*

*They also administer corporations law within Australia.*

*ASIC can be contacted by telephoning 1300 300 630, or via their website, located at [www.asic.gov.au](http://www.asic.gov.au).*

## **THE OMBUDSMAN**

*It appears as though they are all looking out for each other, and passing the responsibility onto the next person or agency. Even the Ombudsman's response is indicative of the unwillingness to discuss or challenge the status quo. Let's see what the Financial Ombudsman has to say for himself.*

**FINANCIAL  
OMBUDSMAN  
SERVICE**



Financial Ombudsman Service Limited  
ABN 10 1 254 446  
GPO Box 3 Melbourne VIC 3001  
Telephone 1300 79 08 08  
Fax 03 9613 6295  
Email info@fos.org.au  
Website www.fos.org.au

Please Quote Case No. 108683

13 August 2009

Mr Thomas Anderson  
PO Box 7380  
WEST LAKES SA 5021

Dear Mr Anderson

**Westpac Banking Corporation**

I have received your letter of complaint about Westpac Banking Corporation ("Westpac").

**The Dispute**

You say that Westpac has not responded to enquires you have made on behalf of a client as to its source of funds used for retail lending.

**Inability to consider the Dispute**

The Ombudsman has the power to consider specific types of disputes about financial services providers. The Ombudsman does not have the power to consider disputes about a financial services provider's policies, nor does he regulate the financial services industry.

The Ombudsman has no power to investigate the source of funds used by financial services providers in retail lending, nor to compel any financial services provider to give details of its source of funds.

Accordingly, this office cannot assist you in obtaining the information that you are seeking from Westpac, nor to consider your complaint that it will not provide that information.

Yours faithfully



Julian Brewer  
Legal Counsel  
Banking & Finance

I had an email from someone who has been following my books and this process, after they had approached their Bank Manager to ask some similar questions. I'd like to thank them for the opportunity to include that conversation in this book:

*Morning Thomas*

*I had an appointment to see my branch manager.*

*I opened up conversation with a witness signature for some documents I required and then a quick chat about mortgage interest rates and what the near future might do. Then I asked him the big question. Is it true that banks create money through monetizing my signature? Without even pausing to ponder on what I had just asked he answered yes. I did not expect it. Not like that. Not without having to explain myself further or offer evidence.*

*We then proceeded to discuss the matter at length for the next 2 hours.*

*The bottom line is banks do create money, but he feels that is how it ought to be. I respectfully declined. He genuinely thinks it's the only way and that because of human traits (greed, wants and needs) Capitalism will always be the prevalent force, so why not allow private enterprise to create the monies? I pointed out that, personally, I believe money will need to be expanded to keep liquidity in markets, but it should be a tool of governments, created for the people, debt free and spent into the economy so as not to cause inflation.*

*My bank manager clearly saw that I was not happy about the debt based creating of the current system and said that I should use it myself rather than fight it. He suggested I purchase investment properties as he has done. Creating a fancy extrapolation over 5, 10 and 15 years he showed me I could create my wealth with assets. Again, I declined saying all I am doing is creating perceived wealth on the basis those assets are still subject to speculation, just like our currencies which means everything is a gamble. Besides, for every property I purchase into, I am having to loan that money and in so doing further expand our money supply by the loan amount – I'm adding to the problem. For me, the only solution is to not play the game, but opt out.*

*He asked me how I plan on doing that. I said simple. I have three key areas to focus on*

*1. The bank created the initial loan on account, never having used their own monies, but by monetizing my signature. This was never disclosed to me. It was my understanding ANZ were funding the loan. Full disclosure was not given.*

*2. By creating the monies out of thin air, ANZ has brought nothing to the table. Due consideration of both parties needs to be established for a contract to be valid. ANZ can suffer no loss in this agreement and have nothing to perform to. Only I can suffer loss and have obligation to honour. It is my understanding that is not a valid contract.*

*3. By simple mathematics, ANZ have made it impossible for me to repay on their terms. ANZ only inflated the monetary supply by the loan amount that was created, but never created the interest. I have to source the interest somehow*



*This means somewhere, someone has to loose out in order for me to make good. This would also constitute a void contract on the terms that it is impossible to honour the terms.*

*He seems perplexed at this stage. He couldn't fault my reasoning but did argue that ANZ provides a service that should be compensated. I agreed, but not in the current terms. Had ANZ used their own money, then I would more than happily have repaid it all over time with the interest (which would be the service fee). In the current circumstances they are doing nothing to deserve any fee.*

*After going backwards and forwards on some of the finer details, I suppose it became apparent to the branch manager that I was set in my idea. He thought I may have some luck with my credit card – ruining my credit in the process and all greatly limiting my future options, but that if I tried to pull the same tactics on my mortgage I would certainly loose my home. His final words were along the lines of .. if only you didn't nave a fam.ily who has to suffer through this.*

*I thanked him for his time and we parted on the understanding that I would never use his name in my efforts*

*So that is my first real success story so far: complete admittance on the method, but tried in vain to validate with reasons with human nature and it's always been like that*

*I tried getting the name of who would be the ultimate authority in the bank that I could contract to settle this matter privately, but he knew of none. I was hoping for the contact details as the ultimate result of my visitation. a means to end this process sooner.*

*Thanks again for your continued effort in all this*

*Kind Regards,*

*Ron*

## **LEGAL VS LAWFUL**

This is one of the most misunderstood areas of all this research. When you are told that your letter or document is not a "legal" document or does not have any legal effect, it does not mean that it is no good, or invalid. They are not saying that it is illegal.

On the contrary, it is perfectly lawful and valid and has merit in the real world, but we are not dealing with the real world, we are dealing with the digital man made fict on.

Imagine that the whole Banking system, people, managers, accounts etc all exists inside your computer as a program.

You write a perfectly good letter and hold it up at the screen, thinking it will have some effect on the bits and bytes contained within what appears to be a real world.

Of course, it has no effect, as it is not able to move or change anything, and does not affect the code

In order to interact with "their" world, you need to "legalise" your documents in some way to be able to use them with any force.

You need a modem, a transmitting utility, to get them into "their" world.

What you need is a kind of portal, a place that you can take those lawful documents and have them endowed with power, to charge them. I'm talking about the Court System.

The Court is a strange conduit between worlds which can take a piece of paper and give it such power that it becomes orders, and energy that can be transferred into physical power to move people into action, such as Sheriffs and Law Enforcers.

This is also the reason that I do not attend court, because it is unpredictable, and once your Strawman enters, it can be swallowed up by the system, and your body can be held as surety for it regardless of innocence.

This is the main reason that any documents or letters you send, not only to Banks, but to Police, SDRO and other Government agencies do not seem to work, because they have not yet been "empowered".

This became evident once I began submitting documents through the registrar as suddenly they gained some magical power and could be "seen". It was as if they were invisible before.

Now, believe it or not, you are the cause of the problem that you are experiencing right now with the Banks, yes...you.

You allow the Banks to operate by accepting their terms and conditions, by opening accounts with them, paying them fees and charges, and feeding them your hard earned money.

In return for your business they steal your money with a variety of charges such as honour/dishonour fees etc, which are no more than a fine or penalty.

## **THE T ACCOUNT OR GENERAL LEDGER**

***"Assets = Liabilities + Equity, a fundamental internal control tool."***

The General Ledger, also known as the Statement of Condition, is one of the most basic of internal control processes. An Italian monk and mathematician, to assist the merchants of Venice in keeping track of their shipping activities, created the equation in the late 1400's. This transformed a merchant's ability to keep track of his/her activities. For this tool to be used properly each employee needs to know and understand GL basics. My experience at community banks indicates that the knowledge of the how the GL works and what it contains is limited to a handful of senior officers. Many employees have working knowledge of a few accounts that they use daily but very little understanding of any other part of the GL. I have also observed that many internal auditors do not have a good grasp of GL basics. The majority of community bank employees never see their department or branch GL, don't know how to retrieve one from their daily reports, and would not know how to read it if they had one.

Gene Bucciarelli, MBA CPA

Interbank loans.

#### Other Assets:

Physical assets owned by banks: buildings and land, computers and office equipment, etc.

## 2 Basic Operation of a Bank: T-accounts

By looking at their balance sheets, we can see that banks sell liabilities with one set of characteristics and use the proceeds to acquire assets with a different set of characteristics.

For example, a bank will accept a savings deposit from one customer and use the proceeds to make a mortgage loan to another customer.

This process is called asset transformation.

By engaging in asset transformation, the bank hopes to profit by charging a higher interest rate on its assets than it must pay on its liabilities.

Bank operations can be illustrated with the help of a diagram called a T-account. A T-account is set up in the same format as a balance sheet with assets on one side and liabilities on the other. But the T-account is simplified since it only shows the changes on each side that occur as a result of specific bank operations.

To see how banks engage in asset transformation, let's consider three examples.

### 2.1 Example 1

Suppose a customer deposits a \$100 bill into his or her checking account at Fleet Bank.

The bank puts the \$100 bill in its vault and adds \$100 to the customer's checking account balance.

The \$100 deposit shows up as a new liability on Fleet's balance sheet, while the extra \$100 in vault cash adds to Fleet's reserves and therefore shows up as a new asset.

Hence, the T-account looks like this:

#### **FLEET**

<b>Assets</b>		<b>Liabilities</b>	
Reserves	+\$100	Checkable Deposits	+\$100

Thus, when a bank receives additional deposits, it gains an equal amount of reserves.

## 2.2 Example 2

Now suppose that instead of depositing a \$100 bill, Fleet's customer deposits a check for \$100 written on an account at Citibank

The initial effect of this transaction can be shown in a T-account for Fleet:

### FLEET

Assets		Liabilities
Cash Items in the Process of Collection	+\$100	Checkable Deposits +\$100

Fleet then deposits the check in its account at the Fed.

The Fed transfers \$100 from Citibank's account to Fleet's account

Now we can draw T-accounts for both Fleet and Citibank:

### FLEET

Assets		Liabilities
Reserves +\$100		Checkable Deposits +\$100

### CITIBANK

Assets		Liabilities
Reserves -\$100		Checkable Deposits -\$100

Thus, when a bank receives additional deposits, it gains an equal amount of reserves.

And when a bank loses deposits, it loses an equal amount of reserves.

## 2.3 Example 3

Consider Fleet Bank's situation after it receives \$100 in checkable deposits and hence \$100 in additional reserves.

By law, Fleet must hold 10%, or \$10, as required reserves.

## THE RESERVE BANK OF AUSTRALIA



In 1911, legislation established the Commonwealth Bank of Australia. In 1959, this original body corporate was preserved as the Reserve Bank of Australia (RBA) in legislation, specifically to carry on the central banking functions, at that same time, the commercial and savings banking functions were transferred into a new institution, which carried on the old name of Commonwealth Bank of Australia.

With the Federation of the Australian States into the Commonwealth of Australia, the Australian Parliament assumed power to make laws with respect to banking and currency. In 1911, the first Commonwealth Bank Act gave the Bank only the ordinary functions of commercial and savings banking; the Bank did not specifically have a central banking remit and it was not responsible for the note issue.

Management of the Bank was vested in the Governor. The Bank opened for business in mid 1912. At that time, the note issue was administered by the Australian Department of the Treasury, which had taken it over from the private trading banks and the Queensland Government.

In 1920, responsibility for the note issue was transferred from the Treasury to a Notes Board (consisting of four members, appointed by the Government). The Governor of the Bank was ex officio a member of the Notes Board. The administration of the note issue was undertaken by the Bank, though the Bank and the Notes Board were formally independent of each other.

In 1924, the Commonwealth Bank Act was amended and the Bank was given control over the note issue. Management was then vested in a board of eight directors, including ex officio the Governor and the Secretary to the Treasury.

From this time until 1945 (when there were major changes to the legislation), the Bank gradually evolved its central banking activities, initially in response to the pressures of the Depression in the early 1930s and later by formal expansion of its powers under wartime regulations.

The new Commonwealth Bank Act and the Banking Act, both of 1945, formalised the Bank's powers in relation to the administration of monetary and banking policy, and exchange control. Under the 1945 legislation there ceased to be a board, which was replaced by an advisory council of six, comprising entirely officials from the Bank and the Treasury. The legislation specified that the Governor was responsible for managing the Bank. However, legislation in 1951 established a new board (at that time of ten members), including the Governor, Deputy Governor and the Secretary to the Treasury, and maintained the responsibility of the Governor for managing the Bank.

The Reserve Bank Act 1959 preserved the original corporate body, under the new name of the Reserve Bank of Australia, to carry on the central banking functions of the Commonwealth Bank, which had evolved over time. Other legislation separated the commercial banking and savings banking activities into the newly created Commonwealth Banking Corporation. The Reserve Bank Act 1959 took effect from 14 January 1960.

There were no major changes in the functions of the RBA until the abolition of Exchange Control following the float of the Australian dollar in 1983. There had, however, been a gradual movement to market-oriented methods of implementing monetary policy away from a system of direct controls on banks, and in the five years following the appointment of a major financial system inquiry (the Campbell Committee, in 1979), the Australian financial landscape was transformed into a virtually fully deregulated system. At the same time, the RBA gradually built up a specialised banking supervision function.

Another inquiry into the Australian financial system (the Wallis Committee) was announced in 1996. There were two major outcomes of this inquiry for the Bank, both taking effect from 1 July 1998. The banking supervision function was transferred from the RBA to a newly created authority, the Australian Prudential Regulation Authority, which was to be responsible for the supervision of all deposit-taking institutions. The Reserve Bank Act was amended also to create a new Payments System Board, with a mandate to promote the safety and efficiency of the Australian payments system. New legislation – the Payment Systems (Regulation) Act 1998 and the Payment Systems and Netting Act 1998 – was introduced, giving the Bank relevant powers in this area.

The Reserve Bank Board's obligations with respect to the formulation and implementation of monetary policy are laid out in the Reserve Bank Act. Section 10(2) of the Act, which is often referred to as the Bank's 'charter', says: It is the duty of the Reserve Bank Board, within the limits of its powers, to ensure that the monetary and banking policy of the Bank is directed to the greatest advantage of the people of Australia and that the powers of the Bank ... are exercised in such a manner as, in the opinion of the Reserve Bank Board, will best contribute to:

- (a) the stability of the currency of Australia;
- (b) the maintenance of full employment in Australia; and
- (c) the economic prosperity and welfare of the people of Australia.

In August 1996, the then Governor of the Reserve Bank, Ian Macfarlane, and the then Treasurer, Peter Costello jointly issued a Statement on the Conduct of Monetary Policy, which essentially reiterated and clarified the respective roles and responsibilities of the Reserve Bank and the Australian Government in relation to monetary policy and provided formal Government endorsement of the Reserve Bank's inflation objective.

In December 2007, following the change of Government, a new Statement on the Conduct of Monetary Policy was jointly issued by the Treasurer, Wayne Swan and the Governor of the Reserve Bank, Glenn Stevens. This Statement does not change the policy objectives of the Reserve Bank as outlined in the earlier statements, but incorporates substantive amendments relating to the independence of the Reserve Bank and covering practices regarding transparency and communication.

### **LEGAL TENDER**

The Concise Oxford Dictionary defines legal tender as "currency that cannot legally be refused in payment of debt (usually up to a limited amount for coins, etc)"

It is the Bank's understanding that, although Australian currency has legal tender status, it does not necessarily have to be used in transactions and that refusal to accept payment in legal tender notes and coins is not unlawful

This is the case even where an existing debt is involved. However, a refusal to accept legal tender in payment of an existing debt, where no other means of payment or settlement has been specified in advance, conceivably could have consequences in legal proceedings, i.e. the creditor may be unable to enforce payment in any other form.

It appears that the provider of goods or services is at liberty to set the commercial terms upon which payment will take place before the "contract" is entered into. For example, some toll collection points indicate by signs that they will not accept low denomination coins. If a provider of goods or services specifies other means of payment prior to the contract, then there is usually no obligation for legal tender to be accepted as payment.

According to the Reserve Bank Act 1959, Australian notes are legal tender. According to the Currency Act 1965, coins are legal tender for payment of amounts, which are limited as follows:

- \* not exceeding 20c if 1c and/or 2c coins are offered (however, it should be noted that these coins have been withdrawn from circulation but are still legal tender);

- \* not exceeding \$5 if any of 5c, 10c, 20c and 50c coins are offered;

- \* not exceeding 10 times the face value if coins in the range 50c to \$10 inclusive are offered; and

- \* to any value if coins of value greater than \$10 are offered.

These general comments are offered only as a guide and should not be taken as legal advice

## LETTER TO THE RBA

Dear RBA,

I would like to ask the Reserve Bank of Australia for full disclosure about Bank lending practices in Australia, after I was informed by my Bank manager last week of now and where the money actually comes from for loans and mortgages.

It was explained to me that the Bank prefers to "raise" deposits, as it is cheaper for them, with the shortfall coming from other institutions, which are sometimes overseas. Of course, that borrowing sector is also derived from the same deposit "raising" by the other institutions. It seems essentially that the sum total comes from bookkeeping entries or other people's money and not the Bank's own money, unless of course you have information to suggest otherwise.

1 Could you please advise me of the current fractional banking percentage as a ratio to deposits, i.e. how much extra "money" can be raised/loaned out as a result of say AU\$1m of deposits?

2 Would it be fair to say that the ratio is 1:9 or has it increased to support the current economic debt bubble?

3. What is the Reserve Bank's position regarding common law and contract law in regards to full disclosure? As you know any contract is null and void by way of misrepresentation if one party does not have full disclosure and equal consideration to support the contract.

Note: I fail to see how the creation of ones and zeroes on account through bookkeeping entries, derived from purchasing borrowers promissory notes or loan instruments or by raising deposits is in any way equivalent in substance to 30 years of slave labour to repay the purported "debt" plus interest using what appear to be debt notes, and also the variable rates means uncertainty - which in a contract situation, cannot be valid as there must be certainty of terms

4. Could you please tell me the current financial position of the Australian Government, and if it is in receivership by bankruptcy, such as is the case with the UNITED STATES and if so, who is administering it?

5 Are the Banks allowed to loan out their OWN money or assets?

6. Are the bank notes here in Australia backed by anything of value or are they truly "debt" notes with no intrinsic value?

7 Is the Reserve Bank a private company, and is it above the law regarding these matters?

8. On what date will the Banks abolish the interchange fees that are currently imposed by ATM machines, as per the Governor's statement and can we claim these back?

Thankyou for your time, transparency and disclosure in these matters. I look forward to your prompt reply.

Kind Regards

Thomas Anderson



## REPLY FROM THE RBA

Dear Mr Anderson,

I acknowledge receipt of your email of 10 August. Your sequence of questions really amounts to a request for an explanation of the functioning and legitimacy of the Australian financial system. It is not possible to address this adequately in an email. I would refer you to the RBA's website, which contains comprehensive information about the financial system and the role of the RBA ([www.rba.gov.au](http://www.rba.gov.au)).

With regard to your specific question on ATMs, the recent reforms abolished most interchange fees. ATM owners are able to charge fees directly to users of the machines, but banks do not charge fees to their own customers. Again, I would refer you to the RBA website for a detailed explanation of the ATM reforms.

(<http://www.rba.gov.au/PaymentsSystem/Reforms/ATMFeeReforms/index.html>)

Yours sincerely

---

Anthony Dickman

Acting Secretary

Reserve Bank of Australia

T (612) 9551 9701

F: (612) 9551 8041

E [adickmana@rba.gov.au](mailto:adickmana@rba.gov.au)

## WHO MAKES AUSTRALIA'S BANK NOTES?



Note Printing Australia (NPA) is a wholly owned subsidiary of the Reserve Bank of Australia and was corporatised in July 1998. NPA has its origins in an organisation that was first established in 1913 to print banknotes for Australia. After printing paper banknotes for Australia for 75 years, NPA introduced polymer banknote technology in 1988.

Experience and knowledge gained from banknote production has allowed NPA to diversify into the passport market. NPA has been involved with the design and printing of the Australian passport since the 1970's. In 2002, NPA invested in state-of-the-art production equipment thus providing the necessary capability to manufacture complete passport booklets.

**Photograph of Note Printing Australia Building** Australia's currency notes are printed by Note Printing Australia Limited (a separately incorporated, wholly owned subsidiary of the Reserve Bank of Australia).

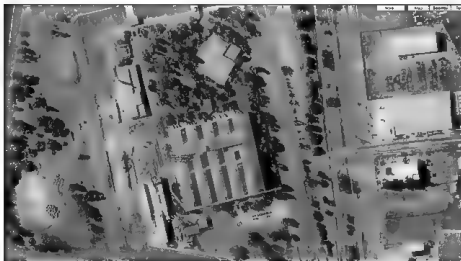
Note Printing Australia Limited was originally established under charter from the Bank's Board as a separate business enterprise within the Reserve Bank, with its own Board of Directors, since 1 July 1998, it has been a subsidiary of the Bank. The Reserve Bank is the issuer of Australia's notes.

Note Printing Australia Limited is located at Craigieburn, 25 kilometres north of Melbourne. Production of notes commenced there in October 1981. Prior to that, other premises in Melbourne were used.

**Note Printing Australia's Production Complex.** The complex is enclosed within an area of 26 hectares of landscaped grounds featuring native flora, bounded by a double security fence.

The main production building is a four-storey, reinforced concrete structure which has printing and finishing operations and strong-rooms on the same level; there are no basements as the complex is erected on bedrock. An armed guard force protects the facility around the clock and is supported by a range of highly sophisticated electronic security and surveillance devices.

The complex also houses the Guardian® polymer substrate production facility of Securrency International Pty Ltd, a joint venture between the Reserve Bank and Innovia Films. The base polymer film is produced in an adjoining secure complex owned by Innovia Films





The right of access to documents in the possession of Australian Government agencies in terms of the Freedom of Information Act 1982 (FOI Act) applies to the Reserve Bank. However, the Reserve Bank is an exempt agency under the FOI Act in respect of documents concerning banking operations (including individual open market operations and foreign exchange dealings) and exchange control matters.



In addition to Australia's currency notes, Note Printing Australia Limited has printed polymer notes for a growing number of overseas countries including Bangladesh, Brunei, Chile, Indonesia, Kuwait, Malaysia, Mexico, Nepal, New Zealand, Papua New Guinea, Romania, Western Samoa, Singapore, Solomon Islands, Sri Lanka, Thailand and Vietnam.



## HARASSMENT

Those of you who have experienced harassment by GE can now go to this website to claim compensation from the GE Money debtor harassment enforceable undertaking.

[www.asic.gov.au/fido/fido.nsf/byheadline/GE+Money+debtor+harassment+enforceable+undertaking+%E2%80%93+Q+A?openDocument](http://www.asic.gov.au/fido/fido.nsf/byheadline/GE+Money+debtor+harassment+enforceable+undertaking+%E2%80%93+Q+A?openDocument)

**Q & A**

**Q. What is this about?**

ASIC recently investigated consumer complaints that GE Money harassed some consumers when chasing up debts. Harassment is illegal. GE Money has made a legally binding agreement with ASIC (called an 'Enforceable Undertaking') that it will pay compensation to consumers who have been harassed.

**Q. Am I entitled to compensation?**

You may be entitled to compensation if GE Money harassed you when chasing up a debt.

## Unacceptable behaviour by debt collectors

The types of conduct set out below are likely to breach consumer protection laws, and may breach other laws as well. This is not a complete list.

If you experience any of these behaviours (or other similar misconduct), you should take action – see [Where do you go from here?](#) page 22.

### **Extreme conduct – force, trespass, intimidation**

*If you are confronted by extreme conduct, report it to the police immediately*

#### **Debt collectors must not**

- Use or threaten force of any kind towards you, any member of your family or any other person connected with you
- Damage or threaten to damage your property
- Block access to your property, or block your way
- Enter your property when you have refused permission, or fail to leave when you ask them to

### **Unreasonable contact, harassment, overbearing manner**

#### **Debt collectors must not**

- Shout at you or abuse you, use obscene or racist language or make personal or demeaning comments (you might also want to report this conduct to the police)

### **Unreasonable contact, harassment, overbearing manner continued.**

#### **Debt collectors must not**

- Contact you more frequently than necessary or at unreasonable times – for example, it is unacceptable to keep phoning you without a break or to contact you late at night or at other unreasonable times as a way of demoralising or exhausting you – see [When, where and why can you be contacted about a debt?](#) page 9
- Make other persistent contact or unreasonable disturbances

### **Embarrassing or intimidating you through other people**

#### **Debt collectors must not**

- Threaten or harass your spouse, partner, family member, or another person connected with you
- Make any unauthorised contact with a child under the age of 18 years
- Talk about your situation to other people (including family members, neighbours or co-workers) unless you have agreed to the contact – such actions may also breach the privacy laws, see page 28
- Engage in conduct that draws people's attention to your situation (e.g. send open letters to a shared post-box, leave messages that others may listen to, make their identity or purpose known to people you work with – again, such actions may also breach privacy laws)

## Q. What is harassment?

Harassment is more than just being asked to repay the debt. Harassment includes things like:

- \* making excessive or inappropriate contact with customers
- \* making contact at unreasonable hours
- \* having an inflexible approach to payment arrangements.

## Q. I think I've been harassed – what should I do?

If you think that GE Money has harassed you, you will need to apply for compensation.

Before you apply, it's a good idea to write down what has happened. Write down as much detail as possible, including (if you can) information about:

- \* details of your loan or credit card agreement
- \* what happened
- \* when it happened

\* who was involved

\* why you think what GE Money did was harassment or was unreasonable.

**Q. How do I apply for compensation?**

The first thing you should do is call GE Money on a special hotline number – 1300 783 854. You will be asked to provide contact details, and GE Money will then contact you again within 48 hours. This time will allow GE Money to check its complaints database to see whether you previously made a complaint.

When GE Money calls you back, you will be advised either that:

(a) it is already aware of your complaint and will contact you again in due course as part of the review process which it is required to undertake as part of the Enforceable Undertaking; or

(b) your complaint has been recorded. You will be provided with a customer complaint number, and told that the Customer Resolution Team will contact you again to discuss the details of your complaint.

GE Money will then assess your complaint and provide a response, which may include an offer of compensation.

If you are happy with the offer of compensation you need to advise GE Money you will accept it, and it will be paid to you within 10 business days.

If you are not satisfied, you need to advise GE Money and your complaint will be reassessed (by a more senior person). You will receive a further response within 28 days.

If you are still not happy with GE Money's response, you will have the option of complaining to the Banking and Financial Services Ombudsman (BFSO). The BFSO is an independent body responsible for resolving these kinds of disputes. For more information about the BFSO visit its website at [www.bfso.org.au](http://www.bfso.org.au). (From 1 July 2008 the BFSO scheme will merge into the Financial Ombudsman Service, however the relevant functions of the BFSO and all contact details will remain the same.)

**Q. How much compensation can I get?**

It depends on a number of factors. The BFSO has prepared guidelines – which GE Money will use – for working out how much compensation should be paid in these cases.

Under these guidelines, the typical range for compensation is from \$250 to \$1,000, and it is probable most cases will fall at the lower end of this range.

ASIC has no power to determine what compensation may be paid in individual cases.

**Q. What if I am having trouble repaying my current GE Money loan?**

If you are having difficulty making payments, then you should think about contacting a financial counsellor. FIDO has information on how to get free financial counselling. A financial counsellor will be able to deal directly with GE Money to see what can be done.

A financial counsellor can contact GE Money on a dedicated number. Alternatively, you can contact GE's Customer Hotline on 1300 135 315.

**Q. Should you complain to ASIC?**

In most cases there should be no need to complain to ASIC.

GE Money is required to investigate complaints itself, and to provide access to the BFSO if you are not happy.

If you have a complaint or query that is not covered by the Enforceable Undertaking or the information above, you may lodge a complaint with ASIC online or contact ASIC's Infoline on 1300 300 630.

For more help on how to go about making a complaint see [You can complain](#)

For help about debts and guidance about what is and is not acceptable behaviour by debt collectors see [Dealing with debt - your rights and responsibilities](#)

## SHADOW LEDGERS



There are no hard and fast rules as to what banks can and can't do when raising shadow ledger records. However, if the bank has created the shadow ledger record for a business customer, the following aspects will be involved:

- a The shadow ledger system can be introduced at any time – albeit the system would normally commence following the determination by the bank to put the borrower on a non-accrual status



b. Despite the fact that banks may claim that a shadow ledger statement represents transactions with respect to an account, the record from which such statements may be produced is not an account in the normal sense of the word. Given that the bank ceases to charge interest on a 'for value' basis through its mainframe computer, the figure representing interest due as per shadow ledger record can only be classified as 'notional'.

c. From the moment when the bank places a 'stop' on the borrower's accounts with the internal classification of 'non-accrual', the bank adopts a secret agenda as far as its former customer is concerned.

d. If litigation ensues, the bank perpetuates the secrecy by attempting to withhold documents (perennially successful) in the legal discovery process. The system is open to systematic manipulation and corruption when the bank rarely produces its mainframe computer statements for the default period. A bank never produces realisation account statements which would disclose the full detail of sale proceeds of bank securities and how these monies have been appropriated. It is in essence a clandestine process.

e. Guidelines for reaching a non-accrual situation are laid down in APRA Regulations. However, the guidelines offer sufficient discretion to indicate that banks face no obstacle in determining when and on what terms a particular customer will be subject to non-accrual status. Bank discretion is enhanced by the fact that APRA regulations do not acknowledge the intrinsic role of the shadow ledger system in the handling of customers subject to non-accrual determination.

f. Australian Taxation Office rules also do not acknowledge the shadow ledger system. When a bank sends a statement (with details transposed from the shadow ledger record) to its defaulted customer with the notation 'retain for taxation purposes' the 'advice' is clearly misleading and deceptive.

g. Where the bank's victim is the proprietor and/or third party guarantor in a business venture, the cash flow to that business will be virtually wiped out overnight. The bank continues to run its shadow ledger record capitalising interest claimed to be due on a monthly basis, but generally unknown to the customer, those customers now receiving shadow ledger statements since 2001 do so only belatedly.

h. Bank fees and charges appear at times, occasionally incorporating the bank's litigation costs on the shadow ledger. Justification appears questionable as the service is now extinct.

i. During litigation, the judiciary demonstrates bias towards banks when its judges accept, implicitly or explicitly, the shadow ledger as a legitimate process. Courts will accept without question an amount as per a Certificate of Indebtedness or sworn in affidavit form by an employee of the bank or a member of the bank's legal team, the court does not insist that the stated indebtedness be proved. Even when that appropriate person is subject to cross-examination, the bank's position is always accepted as authoritative.

## Part B: Standard Red Book terminology

**Advisory netting:** see position netting.

**Assured payment system (APS):** an arrangement in an exchange-for-value system under which completion of timely settlement of a payment instruction is supported by an irrevocable and unconditional commitment from a third party (typically a bank, syndicate of banks or clearing house). See exchange-for-value settlement system.

**Automated clearing house (ACH):** an electronic clearing system in which payment orders are exchanged among financial institutions, primarily via magnetic media or telecommunication networks, and handled by a data-processing centre. See also clearing.

**Automated teller machine (ATM):** electro-mechanical device that permits authorised users, typically using machine-readable plastic cards, to withdraw cash from their accounts and/or access other services, such as balance enquiries, transfer of funds or acceptance of deposits. ATMs may be operated either on-line with real-time access to an authorisation database or off-line.

**Bank draft:** in Europe, the term generally refers to a draft drawn by a bank on itself. The draft is purchased by the payer and sent to the payee, who presents it to his bank for payment. That bank presents it to the payer's bank for reimbursement. In the United States, the term generally refers to a draft or cheque drawn by a bank on itself or on funds deposited with another bank. In the case of a cashier's cheque, the bank is both the drawer and drawee. In the case of a teller's cheque, one bank is the drawer and a second bank is the drawee. Bank drafts may be written by a bank for its own purposes or may be purchased by a customer and sent to a payee to discharge an obligation. See draft.

**Batch:** the transmission or processing of a group of payment orders and/or securities transfer instructions as a set at discrete intervals of time.

**Beneficial ownership/interest:** the entitlement to receive some or all of the benefits of ownership of a security or other financial instrument (e.g. income, voting rights, power to transfer). Beneficial ownership is usually distinguished from "legal ownership" of a security or financial instrument. See legal ownership.

**Bilateral net settlement system:** a settlement system in which participants' bilateral net settlement positions are settled between every bilateral combination of participants. See also net credit or debit position.

**Bilateral netting:** an arrangement between two parties to net their bilateral obligations. The obligations covered by the arrangement may arise from financial contracts, transfers or both. See netting, multilateral netting, net settlement.

**Bill of exchange:** a written order from one party (the drawer) to another (the drawee) to pay a specified sum on demand or on a specified date to the drawer or to a third party specified by the drawer. Widely used to finance trade and, when discounted with a financial institution, to obtain credit. See also draft.

**Book-entry system:** an accounting system that permits the transfer of claims (e.g. securities) without the physical movement of paper documents or certificates. See also dematerialisation, immobilisation.

**Bulk transfer system:** see retail transfer system.

**Call money:** a loan contract which is automatically renewed every day unless the lender or the borrower indicates that it wishes the funds to be returned within a short period of time.

**Capital risk:** see principal risk.

## THE MAHONEY CREDIT RIVER DECISION

---

First National Bank of Montgomery vs. Jerome Daly

IN THE JUSTICE COURT

STATE OF MINNESOTA

COUNTY OF SCOTT

TOWNSHIP OF CREDIT RIVER

JUSTICE MARTIN V. MAHONEY

First National Bank of Montgomery,

Plaintiff

vs

Jerome Daly,

Defendant

### JUDGMENT AND DECREE

The above entitled action came on before the Court and a Jury of 12 on December 7, 1968 at 10:00 am Plaintiff appeared by its President Lawrence V. Morgan and was represented by its Counsel, R. Mellby. Defendant appeared on his own behalf.

A Jury of Talesmen were called, impaneled and sworn to try the issues in the Case. Lawrence V. Morgan was the only witness called for Plaintiff and Defendant testified as the only witness in his own behalf.

Plaintiff brought this as a Common Law action for the recovery of the possession of Lot 19 Fairview Beach, Scott County, Minn. Plaintiff claimed title to the Real Property in question by foreclosure of a Note and Mortgage Deed dated May 8, 1964 which Plaintiff claimed was in default at the time foreclosure proceedings were started.

Defendant appeared and answered that the Plaintiff created the money and credit upon its own books by bookkeeping entry as the consideration for the Note and Mortgage of May 8, 1964 and alleged failure of the consideration for the Mortgage Deed and alleged that the Sheriff's sale passed no title to plaintiff.

The issues tried to the Jury were whether there was a lawful consideration and whether Defendant had waived his rights to complain about the consideration having paid on the Note for almost 3 years.

Mr. Morgan admitted that all of the money or credit which was used as a consideration was created upon their books, that this was standard banking practice exercised by their bank in combination with the Federal Reserve Bank of Minneapolis, another private bank, further that he knew of no United States Statute or Law that gave the Plaintiff the authority to do this. Plaintiff further claimed that Defendant by using the ledger book created credit and by paying on the Note and Mortgage waived any right to complain about the Consideration and that the Defendant was estopped from doing so

At 12 15 on December 7, 1968 the Jury returned a unanimous verdict for the Defendant.

Now therefore, by virtue of the authority vested in me pursuant to the Declaration of Independence, the

Northwest Ordinance of 1787, the Constitution of United States and the Constitution and the laws of the

State of Minnesota not inconsistent therewith :

IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

1 That the Plaintiff is not entitled to recover the possession of Lot 19, Fairview Beach, Scott County,

Minnesota according to the Plat thereof on file in the Register of Deeds office

2 That because of failure of a lawful consideration the Note and Mortgage dated May 8, 1964 are null and

void.

3 That the Sheriff's sale of the above described premises held on June 26, 1967 is null and void, of no

effect.

4. That the Plaintiff has no right title or interest in said premises or lien thereon as is above described

5. That any provision in the Minnesota Constitution and any Minnesota Statute binding the jurisdiction of this Court is repugnant to the Constitution of the United States and to the Bill of Rights of the Minnesota

Constitution and is null and void and that this Court has jurisdiction to render complete justice in this

Cause. The following memorandum and any supplementary memorandum made and filed by this Court in support of this judgment is hereby made a part hereof by reference

BY THE COURT

Dated December 9, 1968

Justice MARTIN V. MAHONEY

## MEMORANDUM

The issues in this case were simple. There was no material dispute of the facts for the Jury to resolve.

Plaintiff admitted that it, in combination with the federal Reserve Bank of Minneapolis, which are for all practical purposes, because of their interlocking activity and practices, and both being Banking Institutions Incorporated under the Laws of the United States, are in the Law to be treated as one and the same Bank, did create the entire \$14,000.00 in money or credit upon its own books by bookkeeping entry. That this was the Consideration used to support the Note dated May 8, 1964 and the Mortgage of the same date. The money and credit first came into existence when they created it. Mr. Morgan admitted that no United States Law Statute existed which gave him the right to do this. A lawful consideration must exist and be tendered to support the Note. See *Ansheuser-Busch Brewing Company v. Emma Mason*, 44 Minn. 318, 46 N.W. 558. The Jury found that there was no consideration and I agree. Only God can create something of value out of nothing.

Even if Defendant could be charged with waiver or estoppel as a matter of Law this is no defence to the Plaintiff. The Law leaves wrongdoers where it finds them. See sections 50, 51 and 52 of Am Jur 2nd "Actions" on page 584. "no action will lie to recover on a claim based upon, or in any manner depending upon, a fraudulent, illegal, or immoral transaction or contract to which Plaintiff was a party."

Plaintiff's act of creating credit is not authorized by the Constitution and Laws of the United States, is unconstitutional and void, and is not a lawful consideration in the eyes of the Law to support any thing or upon which any lawful right can be built.

Nothing in the Constitution of the United States limits the jurisdiction of this Court, which is one of original Jurisdiction with right of trial by Jury guaranteed. This is a Common Law action. Minnesota cannot limit or impair the power of this Court to render Complete Justice between the parties. Any provisions in the Constitution and laws of Minnesota which attempt to do so are repugnant to the Constitution of the United States and void. No question as to the Jurisdiction of this Court was raised by either party at the trial. Both parties were given complete liberty to submit any and all facts to the Jury, at least in so far as they saw fit.

No complaint was made by Plaintiff that Plaintiff did not receive a fair trial. From the admissions made by Mr. Morgan the path of duty was direct and clear for the Jury. The Verdict could not reasonably been otherwise. Justice was rendered completely and without denial, promptly and without delay, freely and without purchase, conformable to the laws in this Court of December 7, 1968.

BY THE COURT

December 9, 1968

Justice Martin V. Mahoney

Credit River Township

***Note: Justice Martin V. Mahoney was murdered 6 months after he entered the Credit River Decision on the books of the Court.***

## THE WALKER TODD AFFIDAVIT

---

STATE OF MICHIGAN

IN THE CIRCUIT COURT FOR THE COUNTY OF OAKLAND

BANK ONE, N.A.,

Plaintiff,

v.

DEFENDANTS

HARSHAVARDHAN DAVE and

PRATIMA DAVE, jointly and severally,

Defendants.

)

)

)

)

)

)

)

)

)

)

)

)

Case No. 03-047448-CZ

Hon E. Sosnick

AFFIDAVIT OF WALKER F. TODD,

EXPERT WITNESS FOR

---

Harshavardhan Dave and Pratima H Dave  
C/o 5128 Echo Road  
Bloomfield Hills, MI 48302  
Defendants *in propria persona*

Michael C Hammer (P41705)  
Ryan G. Lawlor (P64693)  
Dickinson Wright PLLC  
Attorneys for Bank One, N.A.  
500 Woodward Avenue, Suite 4000  
Detroit, Michigan 48226  
(313) 223-3500

---

Now comes the Affiant, Walker F. Todd, a citizen of the United States and the State of Ohio over the age of 21 years, and declares as follows, under penalty of perjury:

1. That I am familiar with the Promissory Note and Disbursement Request and Authorization, dated November 23, 1999, together sometimes referred to in other documents filed by Defendants in this case as the "alleged agreement" between Defendants and Plaintiff but called the "Note" in this Affidavit. If called as a witness, I would testify as stated herein. I make this Affidavit based on my own personal knowledge of the legal, economic, and historical principles stated herein, except that I have relied entirely on documents provided to me, including the Note, regarding certain facts at issue in this case of which I previously had no direct and personal knowledge. I am making this affidavit based on my experience and expertise as an attorney, economist, research writer, and teacher. I am competent to make the following statements.

#### PROFESSIONAL BACKGROUND QUALIFICATIONS

2. My qualifications as an expert witness in monetary and banking instruments are as follows. For 20 years, I worked as an attorney and legal officer for the legal departments of the Federal Reserve Banks of New York and Cleveland. Among other things, I was assigned responsibility for questions involving both novel and routine notes, bonds, bankers' acceptances, securities, and other financial instruments in connection with my work for the Reserve Banks' discount windows and parts of the open market trading desk function in New York. In addition, for nine years, I worked as an economic research officer at the Federal Reserve Bank of Cleveland. I became one of the Federal Reserve System's recognized experts

on the legal history of central banking and the pledging of notes, bonds, and other financial instruments at the discount window to enable the Federal Reserve to make advances of credit that became or could become money. I also have read extensively treatises on the legal and financial history of money and banking and have published several articles covering all of the subjects just mentioned. I have served as an expert witness in several trials involving banking practices and monetary instruments. A summary biographical sketch and resume including further details of my work experience, readings, publications, and education will be tendered to Defendants and may be made available to the Court and to Plaintiff's counsel upon request.

#### GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

3. Banks are required to adhere to Generally Accepted Accounting Principles (GAAP). GAAP follows an accounting convention that lies at the heart of the double-entry bookkeeping system called the Matching Principle. This principle works as follows. When a bank accepts bullion, coin, currency, checks, drafts, promissory notes, or any other similar instruments (hereinafter "instruments") from customers and deposits or records the instruments as assets, it must record offsetting liabilities that match the assets that it accepted from customers. The liabilities represent the amounts that the bank owes the customers, funds accepted from customers. In a fractional reserve banking system like the United States banking system, most of the funds advanced to borrowers (assets of the banks) are created by the banks themselves and are not merely transferred from one set of depositors to another set of borrowers.



#### RELEVANCE OF SUBTLE DISTINCTIONS ABOUT TYPES OF MONEY

4. From my study of historical and economic writings on the subject, I conclude that a common misconception about the nature of money unfortunately has been perpetuated in the U.S. monetary and banking systems, especially since the 1930s. In classical economic theory, once economic exchange has moved beyond the barter stage, there are two types of money: money of *exchange* and money of *account*. For nearly 300 years in both Europe and the United States, confusion about the distinctiveness of these two concepts has led to persistent attempts to treat money of account as the equivalent of money of exchange. In reality, especially in a fractional reserve banking system, a comparatively small amount of money of exchange (e.g., gold, silver, and official currency notes) may support a vastly larger quantity of business transactions denominated in money of account. The sum of these transactions is the sum of credit extensions in the economy. With the exception of customary stores of value like gold and silver, the monetary base of the economy largely consists of credit instruments. Against this background, I conclude that the Note, despite some language about "lawful money" explained below, clearly contemplates both disbursement of funds and eventual repayment or settlement in money of account (that is, money of exchange would be welcome but is not required to repay or settle the Note). The factual basis of this conclusion is the reference in the Disbursement Request and Authorization to repayment of \$95,905.16 to Michigan National Bank from the proceeds of the Note. That was an exchange of the credit of Bank One (Plaintiff) for credit apparently and previously extended to Defendants by

Michigan National Bank. Also, there is no reason to believe that Plaintiff would refuse a substitution of the credit of another bank or banker as complete payment of the Defendants' repayment obligation under the Note. This is a case about exchanges of money of account (credit), not about exchanges of money of exchange (lawful money or even legal tender)

5. Ironically, the Note explicitly refers to repayment in "lawful money of the United States of America" (see "Promise to Pay" clause). Traditionally and legally, Congress defines the phrase "lawful money" for the United States. Lawful money was the form of money of exchange that the federal government (or any state) could be required by statute to receive in payment of taxes or other debts. Traditionally, as defined by Congress, lawful money only included gold silver, and currency notes redeemable for gold or silver on demand. In a banking law context, lawful money was only those forms of money of exchange (the forms just mentioned, plus U.S. bonds and notes redeemable for gold) that constituted the reserves of a national bank prior to 1913 (date of creation of the Federal Reserve Banks). See, Lawful Money, *Webster's New International Dictionary* (2d ed. 1950).

**In light of these facts, I conclude that Plaintiff and Defendants exchanged reciprocal credits involving money of account and not money of exchange; no lawful money was or probably ever would be disbursed by either side in the covered transactions.** This conclusion also is consistent with the bookkeeping entries that underlie the loan account in dispute in the present case. Moreover, it is puzzling why Plaintiff would retain the archaic language "lawful money of the United States of America," in its otherwise modern-seeming Note. It is possible that this

language is merely a legacy from the pre-1933 era. Modern credit agreements might include repayment language such as, "The repayment obligation under this agreement shall continue until payment is received *in fully and finally collected funds*," which avoids the entire question of "In what form of money or credit is the repayment obligation due?"

6. Legal tender, a related concept but one that is economically inferior to lawful money because it allows payment in instruments that cannot be redeemed for gold or silver on demand, has been the form of money of exchange commonly used in the United States since 1933, when domestic private gold transactions were suspended (until 1974). Basically, legal tender is whatever the government says that it is. The most common form of legal tender today is Federal Reserve notes, which by law cannot be redeemed for gold since 1934 or, since 1964, for silver. See, 31 USC Sections 5103, 5118 (b), and 5119 (a).

Note: I question the statement that Fed Reserve notes cannot be redeemed for silver since 1964. It was Johnson who declared on 15 March 1967 that after 15 June 1967 that Fed Res Notes would not be exchanged for silver and the practice did stop on 15 June 1967 – not 1964. I believe this to be error in the text of the author's affidavit.

7. Legal tender under the Uniform Commercial Code (U.C.C.), Section 1-201 (24) (Official Comment), is a concept that sometimes surfaces in cases of this nature. The referenced Official Comment notes that the definition of money is not limited to legal tender under the U.C.C. Money is defined in Section 1-201 (24) as "a medium of exchange authorized or adopted by a domestic or

foreign government and includes a monetary unit of account established by an intergovernmental organization or by agreement between two or more nations." The relevant Official Comment states that "The test adopted is that of sanction of government, whether by authorization before issue or adoption afterward, which recognizes the circulating medium as a part of the official currency of that government. The narrow view that money is limited to legal tender is rejected." Thus, I conclude that the U.C.C. tends to validate the classical theoretical view of money.

#### HOW BANKS BEGAN TO LEND THEIR OWN CREDIT INSTEAD OF REAL MONEY

8. In my opinion, the best sources of information on the origins and use of credit as money are in Alfred Marshal, MONEY, CREDIT & COMMERCE 249-251 (1929) and Charles P. Kindleberger, A FINANCIAL HISTORY OF WESTERN EUROPE 50-53 (1984). A synthesis of these sources, as applied to the facts of the present case, is as follows. As commercial banks and discount houses (private bankers) became established in parts of Europe (especially Great Britain) and North America, by the mid-nineteenth century they commonly made loans to borrowers by extending their own credit to the borrowers or, at the borrowers' direction, to third parties. The typical form of such extensions of credit was drafts or bills of exchange drawn upon themselves (claims on the credit of the drawees) instead of disbursements of bullion, coin, or other forms of money. In transactions with third parties, these drafts and bills came to serve most of the ordinary functions of money. The third parties had to determine for themselves whether such "credit money" had value and, if so, how much. The Federal Reserve Act of 1913

was drafted with this model of the commercial economy in mind and provided at least two mechanisms (the discount window and the open-market trading desk) by which certain types of bankers' credits could be exchanged for Federal Reserve credits, which in turn could be withdrawn in lawful money. Credit at the Federal Reserve eventually became the principal form of monetary reserves of the commercial banking system, especially after the suspension of domestic transactions in gold in 1933. Thus, credit money is not alien to the current official monetary system; it is just rarely used as a device for the creation of Federal Reserve credit that, in turn, in the form of either Federal Reserve notes or banks' deposits at Federal Reserve Banks, functions as money in the current monetary system. In fact, a means by which the Federal Reserve expands the money supply, loosely defined, is to set banks' reserve requirements (currently, usually ten percent of demand liabilities) at levels that would encourage banks to extend new credit to borrowers on their own books that third parties would have to present to the same banks for redemption, thus leading to an expansion of bank-created credit money. In the modern economy, many non-bank providers of credit also extend book credit to their customers without previously setting aside an equivalent amount of monetary reserves (credit card line of credit access checks issued by non-banks are a good example of this type of credit), which also causes an expansion of the aggregate quantity of credit money.

The discussion of money taken from Federal Reserve and other modern sources in paragraphs 11 et seq. is consistent with the account of the origins of the use of bank credit as money in this paragraph.

#### **ADVANCES OF BANK CREDIT AS THE EQUIVALENT OF MONEY**

9. Plaintiff apparently asserts that the Defendants signed a promise to pay, such as a note(s) or credit application (collectively, the "Note"), in exchange for the Plaintiff's advance of funds, credit, or some type of money to or on behalf of Defendant. However, the bookkeeping entries required by application of GAAP and the Federal Reserve's own writings should trigger close scrutiny of Plaintiff's apparent assertions that it lent its funds, credit, or money to or on behalf of Defendants, thereby causing them to owe the Plaintiff \$400,000. According to the bookkeeping entries shown or otherwise described to me and application of GAAP, the Defendants allegedly were to tender some form of *money* ("lawful money of the United States of America" is the type of money explicitly called for in the Note), securities or other capital equivalent to money, funds, credit, or something else of value in exchange (money of exchange, loosely defined), collectively referred to herein as "money," to repay what the Plaintiff claims was the *money* lent to the Defendants. **It is not an unreasonable argument to state that Plaintiff apparently changed the economic substance of the transaction from that contemplated in the credit application form, agreement, note(s), or other similar instrument(s) that the Defendants executed, thereby changing the costs and risks to the Defendants.** At most, the Plaintiff extended its own *credit* (money of account), but the Defendants were required to repay in *money* (money of exchange, and

*lawful money* at that), which creates at least the inference of inequality of obligations on the two sides of the transaction (*money*, including *lawful money*, is to be exchanged for *bank credit*).

#### MODERN AUTHORITIES ON MONEY

11. To understand what occurred between Plaintiff and Defendants concerning the alleged loan of *money* or, more accurately, *credit*, it is helpful to review a modern Federal Reserve description of a bank's lending process. See, David H. Friedman, MONEY AND BANKING (4<sup>th</sup> ed. 1984) (apparently already introduced into this case): "The commercial bank lending process is similar to that of a thrift in that the receipt of cash from depositors increases both its assets and its deposit liabilities, which enables it to make additional loans and investments. . . . When a commercial bank makes a business loan, it accepts as an asset the borrower's debt obligation (the promise to repay) and creates a liability on its books in the form of a demand deposit in the amount of the loan." (Consumer loans are funded similarly.) Therefore, the bank's original bookkeeping entry should show an increase in the amount of the asset credited on the asset side of its books and a corresponding increase equal to the value of the asset on the liability side of its books. **This would show that the bank received the customer's signed promise to repay as an asset, thus monetizing the customer's signature and creating on its books a liability in the form of a demand deposit or other demand liability of the bank.** The bank then usually would hold this demand deposit in a transaction account on behalf of the customer. Instead of the bank lending its *money* or other assets to the customer, as the customer reasonably might believe from the face of the Note, the bank

*created* funds for the customer's transaction account without the customer's permission, authorization, or knowledge and delivered the *credit* on its own books representing those funds to the customer, meanwhile alleging that the bank lent the customer *money*. If Plaintiff's response to this line of argument is to the effect that it acknowledges that it lent credit or issued credit instead of money, one might refer to Thomas P. Fitch, BARRON'S BUSINESS GUIDE DICTIONARY OF BANKING TERMS, "Credit banking," 3. "Bookkeeping entry representing a deposit of funds into an account." But Plaintiff's loan agreement apparently avoids claiming that the bank actually lent the Defendants *money*. They apparently state in the agreement that the Defendants are obligated to repay Plaintiff principal and interest for the "Valuable consideration (money) the bank gave the customer (borrower)." The loan agreement and Note apparently still delete any reference to the bank's receipt of actual cash value from the Defendants and exchange of that receipt for actual cash value that the Plaintiff banker returned.

**12. According to the Federal Reserve Bank of New York, money is anything that has value that banks and people accept as money; money does not have to be issued by the government.** For example, David H. Friedman, I BET YOU THOUGHT. . . . 9, Federal Reserve Bank of New York (4<sup>th</sup> ed. 1984)(apparently already introduced into this case), explains that banks create new money by depositing IOUs, promissory notes, offset by bank liabilities called checking account balances. Page 5 says, "Money doesn't have to be intrinsically valuable, be issued by government, or be in any special form..."



13. The publication Anne Marie L. Geczy, MODERN MONEY MECHANICS 7-33, Federal Reserve Bank of Chicago (rev. ed. June 1992) (apparently already introduced into this case), contains standard bookkeeping entries demonstrating that *money* ordinarily is recorded as a bank *asset*, while a bank *liability* is evidence of *money* that a bank owes. The bookkeeping entries tend to prove that banks accept cash, checks, drafts, and promissory notes/credit agreements (assets) as *money* deposited to create credit or checkbook money that are bank *liabilities*, which shows that, absent any right of setoff, banks owe *money* to persons who deposit *money*.. Cash (money of exchange) is money, and credit or promissory notes (money of account) become money when banks deposit promissory notes with the intent of treating them like deposits of cash. See, 12 U.S.C. Section 1813 (1)(1) (definition of "deposit" under Federal Deposit Insurance Act). The Plaintiff acts in the capacity of a lending or banking institution, and the newly issued credit or money is similar or equivalent to a promissory note, which may be treated as a deposit of money when received by the lending bank. Federal Reserve Bank of Dallas publication MONEY AND BANKING, page 11 explains that when banks grant loans, they create new money. The new money is created because a new "loan becomes a deposit, just like a paycheck does." MODERN MONEY MECHANICS, page 6, says, "What they [banks] do when they make loans is to accept promissory notes in exchange for credits to the borrowers' transaction accounts." The next sentence on the same page explains that the banks' assets and liabilities increase by the amount of the loans.

## COMMENTARY AND SUMMARY OF ARGUMENT

14. Plaintiff apparently accepted the Defendants' Note and credit application (money of account) in exchange for its own credit (also money of account) and deposited that credit into an account with the Defendants' names on the account, as well as apparently issuing its own credit for \$95,905.16 to Michigan National Bank for the account of the Defendants. One reasonably might argue that the Plaintiff recorded the Note or credit application as a loan (money of account) from the Defendants to the Plaintiff and that the Plaintiff then became the borrower of an equivalent amount of money of account from the Defendants.

- 15. The Plaintiff in fact never lent any of its own pre-existing money, credit, or assets as consideration to purchase the Note or credit agreement from the Defendants.** (Robertson Notes: I add that when the bank does the foregoing, then in that event, there is an utter *failure of consideration* for the "loan contract".) When the Plaintiff deposited the Defendants' \$400,000 of newly issued credit into an account, the Plaintiff created from \$360,000 to \$400,000 of new money (the nominal principal amount less up to ten percent or \$40,000 of reserves that the Federal Reserve would require against a demand deposit of this size). The Plaintiff received \$400,000 of credit or money of account from the Defendants as an asset. GAAP ordinarily would require that the Plaintiff record a liability account, crediting the Defendants' deposit account, showing that the Plaintiff owes \$400,000 of money to the Defendants, just as if the Defendants were to deposit cash or a payroll check into their account.

16. The following appears to be a disputed fact in this case about which I have insufficient information on which to form a conclusion: I infer that it is alleged that Plaintiff refused to lend the Defendants Plaintiff's own money or assets and recorded a \$400,000 loan from the Defendants to the Plaintiff, which arguably was a \$400,000 deposit of money of account by the Defendants, and then when the Plaintiff repaid the Defendants by paying its own credit (money of account) in the amount of \$400,000 to third-party sellers of goods and services for the account of Defendants, the Defendants were repaid their loan to Plaintiff, and the transaction was complete.

17. I do not have sufficient knowledge of the facts in this case to form a conclusion on the following disputed points: None of the following material facts are disclosed in the credit application or Note or were advertised by Plaintiff to prove that the Defendants are the true lenders and the Plaintiff is the true borrower. The Plaintiff is trying to use the credit application form or the Note to persuade and deceive the Defendants into believing that the opposite occurred and that the Defendants were the borrower and not the lender. The following point is undisputed: The Defendants' loan of their credit to Plaintiff, when issued and paid from their deposit or credit account at Plaintiff, became money in the Federal Reserve System (subject to a reduction of up to ten percent for reserve requirements) as the newly issued credit was paid pursuant to written orders, including checks and wire transfers, to sellers of goods and services for the account of Defendants.

## CONCLUSION

18. Based on the foregoing, Plaintiff is using the Defendant's Note for its own purposes, and it remains to be proven whether Plaintiff has incurred any financial loss or actual damages (I do not have sufficient information to form a conclusion on this point). In any case, the inclusion of the "lawful money" language in the repayment clause of the Note is confusing at best and in fact may be misleading in the context described above.

## AFFIRMATION

19. I hereby affirm that I prepared and have read this Affidavit and that I believe the foregoing statements in this Affidavit to be true. I hereby further affirm that the basis of these beliefs is either my own direct knowledge of the legal principles and historical facts involved and with respect to which I hold myself out as an expert or statements made or documents provided to me by third parties whose veracity I reasonably assumed.

Further the Affiant sayeth naught.

At Chagrin Falls, Ohio

December 5, 2003

---

WALKER F. TODD (Ohio bar no. 0064539)

Expert witness for the Defendants

Walker F. Todd, Attorney at Law

1164 Sheerbrook Drive

Chagrin Falls, Ohio 44022

(440) 338-1169, fax (440) 338-1537

## DEFAULT JUDGEMENT VULTURES

If a Bank decides that it does not want to answer your questions, give you full disclosure, or tell you the truth about how it funded your loan, it will likely either sell the debt, assign it to a collection agency and perhaps ultimately make a court order. If that happens, you will probably get letters like these from the debt solution sharks that are swimming around hoping to pick up the pieces, wanting to re-finance your loan and get you into another contract.

### **VAN PETRUS and Associates**

27<sup>th</sup> August 2009

040809

Insolvencies  
Debt negotiations  
Restructuring  
Accounting  
Finance Consulting  
Counselling

**The MAGISTRATES** Court has ordered you to pay  
Bendigo Bank

**DO NOT PANIC !**

You don't have to put up with relentless harassment the nasty phone calls, and letters  
in fact you will never have to speak with your creditor again.

This is a civil matter ~~not~~ criminal and you have rights

There are several options available for you.

We have twenty years experience fixing debt problems for individuals.

We can fix this for you. Call **9388 2591** and ask for Peter

By the way the first consultation is free for you and comes with our complete  
assurance of confidentiality and a genuine desire to get you back on your feet

Take Care



Peter van Schuit Dipl Acctg CESA

105 Lygon Street,  
East Brunswick 305 /  
Victoria Australia

Ph: (03) 9388 2591  
Fax: (03) 9387 8227

From 8am - 8pm



**AUSTRALIAN DEBT & INSOLVENCY SOLUTIONS PTY LTD**

ACH: 05 957 157 ABN: 451 059 577 57

87 Gaffney Street, Coburg North 3058  
PO BOX 291 NORTH ESSENDOON VIC 3041.

FreeCall: 1800 212 452 Ph: 03 9350 2388 Fax: 03 9350 2822  
Email: melissa@adais.com.au Web: www.adais.com.au

Your name has been listed on the public records at the Melbourne Magistrates Court this week.

**HOW WE CAN HELP**

We are a very skilled and practiced debt solution company, based in Melbourne and specialise in personal credit matters that will help you to become debt free *without* taking out another interest accruing personal loan.

- ◆ Consolidate your debts into a legally binding Debt Agreement and pay them off by way of AFFORDABLE instalments.
- ◆ Formulate a strategy to retain your assets & avoid possible bankruptcy.
- ◆ Clear your Victorian judgement from your (Veda Advantage) Credit Rating – This option is available to those who are managing their debt, but need to have this judgment reversed in order to maintain a good credit history

***Being hounded by debt collectors can be stressful and affect your everyday life. We have a number of solutions to escape your debt crisis.***

Please contact our office on (03) 9350 2388 today for a free consultation **AND SLEEP AGAIN IN PEACE!!!!!!**

The above information is strictly confidential and will never be disclosed to any other person, company or source by our office

It's obvious that there is money to be made from this kind of solicitation, as they know most people panic in these situations, especially when they receive legal letters or judgements. These people are really like vultures waiting on the digital highway for the next victim of the system. The reason that I included both the Credit River decision and the Walker Todd Affidavit in full, is so that you have them on hand as reference, as they both reveal the truth of what is going on. There is no real DEBT, only the creation of ones and zeroes on account, and the deposit of your note for equal value.



Level 9/171, 181-183 St Helbourne 3000 www.statesecurities.com.au email help@statesecurities.com.au Facsimile 03 9650 4100 ACN 079 829 495  
Telephone 03 9650 3333 Mobile 0425 783 110

#### Reference

Dear

Our records show that Judgement was awarded against you in a Victorian Court. If this information is incorrect please call us so we may help you amend this public record. If not you may be experiencing the following:

- (1) Undue pressure from Creditors
- (2) Threatening mail from a Bank or Finance Company
- (3) Legal action pending
- (4) Unable to refinance
- (5) Bad Credit
- (6) Sheriffs Department
- (7) Repossession Agents
- (8) Bankruptcy proceedings

Our company understands the difficulties you may be facing and can assist in helping you immediately

Remember if you need help in obtaining finance, protecting your assets, dealing with your creditors or legally obtaining time to pay your bills (up to 3 years!), then CALL TODAY for a consultation with one of our advisers. Initial consultation is **FREE AND WITHOUT OBLIGATION.** **AFTER**  
**HOURS 0425 783 110**

Also ask about our FREE IN HOME CONSULTATION

Yours sincerely,

State Securities  
P.S. All consultations are strictly confidential

Of course, once you admit that there is a debt, then you are accepting the liabilities of the legal fiction the contract is in. In any contract situation, especially one involving loans, you should always sign as the principal creditor, for and on behalf of the all-caps strawman name (the legal entity that the contract refers to). As I say all the time in these books, most of our problems today come from the underlying enjoinder.

## ATM FEES



As you may already be aware, there are new guidelines for ATM fees, which initially looked like a good thing, but it was merely a changeover to direct fees, which saw the implementation of the \$20 per transaction fee.

The following emails were sent to me from someone who had asked for a refund of their bank fees. As you can see, the Bank is less than helpful and actually suggests that if you don't like it, you can leave, which quite frankly is the best thing we can all do.

### REPLIES FROM THE BANK

Here are two email replies that were forwarded to me by someone who had asked the Bank for a refund. I appreciate the opportunity to include them here.

*I write in reply to your latest email received 13 August 2009 I have reviewed previous correspondence between you and the bank, in which we have answered various questions you have raised about fees charged to your account. In my view, the answers we provided fully answered your questions.*

*Your latest question is general in nature and not specific to your relationship with the bank. We do not propose to invest time and valuable resources in answering it. It is clear to me that we have not been able to establish a trustful relationship with you. If the banking relationship is not going to work for you ? the customer ? we would always defend your right to choose and to seek out an organisation which can meet all of your requirements. While we are happy to assist you with any queries particular to your accounts with the bank, including account closure requirements, we will not enter into any further correspondence with you on ATM fees or other matters of a general nature.*



## REPLY FROM BENDIGO BANK

*Thank you for your email regarding the introduction of Direct Charging by the Reserve Bank of Australia on 3 March 2009.*

*Previously, Bendigo Bank has set and administered the fee charged to its customers for any transaction at an ATM owned by another financial institution. Most recently this fee was \$1.50.*

*With the introduction of Direct Charging the responsibility for setting and collecting this fee has moved to the owner of the ATM. In effect, what you are charged is no longer determined by Bendigo Bank. We acknowledge that most banks are now charging you \$2.00 in place of the \$1.50 formerly charged by Bendigo Bank.*

*Unfortunately, Bendigo Bank is unable to change the pricing decisions made by other financial institutions or issue any refund of these fees. The ability to access funds 24-hours a day throughout Australia - and from any ATM - is an enormously valuable and convenient service for customers. After all, it wasn't that long ago that we were all forced to visit a branch to withdraw money.*

*Yet the convenience of ATMs does come at a cost to banks. ATM systems are complex and expensive - and require ongoing development and servicing. You should feel confident that in response to the introduction of Direct Charging, Bendigo Bank has committed to expanding its national network of ATMs as quickly as we are financially able. Our network already numbers more than 700 machines.*

*We are currently adding around 50 ATMs per year to our network and will focus on increasing the number of machines located in rural and remote locations. Once again, we do thank you for your feedback on this issue. It will be taken on board and we will share all customer feedback with the Reserve Bank.*

*If you have any further queries, please do not hesitate to contact me at the Customer Help Centre on 1300 361 911.*

*Yours sincerely,*

*Kylie Philp - Team Member*

*Customer Help Centre*

*Bendigo + Adelaide Bank Limited - 1300 361 911*

## TEMPLATE LETTER

The following is a template letter that has been circulating regarding Bank fees. I have included it here for your reference and possible adaptation to your own circumstances.

As with all template letters, whether they be ones that I have designed and used, and included in my books, or ones that other people have created, it is very important to re-write them in your own language, and with additional research

You should be proficient enough to know the exact meaning of everything you include in the letter, and if there is any term you don't comprehend, please take the time to look it up

It also helps others from the point of view that the banks receive a lot of these types of enquiries, and if we are all sending the same letter, then it will simply receive the same stock reply every time with no further effect

[Insert your contact address]

[Insert Today's Date]

[Insert Name of your Financial Institution]

[Insert Address of your Financial Institution]

Dear Sir/Madam

**Your Name**

**Account Number. [BSB and Account No or Credit Card Account No]**

**Default fees charged to the above account**

I have been charged a number of default fees in relation to my account with [Insert Name of your Financial Institution]. The total amount of the default fees charged to my account between [INSERT Date of First Fee] and [INSERT Date of Last Fee] is \$[insert Total Amount of the Fees you are challenging]

The default fees were for [State the Types of Fees you are challenging – e.g. periodic payment and direct debit dishonour fees, cheque dishonour fees, overdrawn account honour fees deposited (inward) cheque dishonour fees, credit card late payment fees; credit card over-the-limit fees]

These fees are excessive and I therefore write to make a formal complaint about the charging of these fees. I ask that you repay the entire amount of these fees to my account in resolution of my complaint.

My complaint and request for repayment is based on the following grounds.

First, the fees are out of all proportion and unconscionable in comparison with the loss suffered by you in processing my defaults. The fees you charged me were between \$[insert amount of lowest fee] and \$[insert amount of highest fee]

I do not believe that your costs in dealing with my defaults were even close to these amounts. However, I am willing to consider any evidence you can provide me to the contrary

Secondly there is a clear difference in bargaining power between [Insert name of your Financial Institution] and me as an individual consumer. As you would be aware, I had no opportunity to negotiate the terms of my account contract with you and, in any case, would have no ability to change any of the terms imposing fees and charges. In these circumstances, it would be unconscionable for you to enforce the fees

Given the above, the default fees you have charged to my account are 'penalties', in accordance with the well-established legal principle set out in cases such as *Dunlop Pneumatic Tyre Co Ltd and O'Dea v Allstates Leasing System (WA) Pty Ltd*

This makes them void, meaning they could not be enforced against me in court. As they are void and unenforceable they should not have been charged to my account and should be repaid

Further, it is also possible that by enforcing the terms of my account contract imposing these excessive fees on my account, [Insert name of your Financial Institution] is engaging in unconscionable conduct within the meaning of section 51AB of the *Trade Practices Act 1974* (Cth), particularly because of my lack of bargaining power relative to you and the fact that the terms imposing these fees are not reasonably necessary for the protection of your legitimate interests

Accordingly, please refund the total amount of these fees to my account, being \$(Insert Total Amount of the Fees you are challenging).

I look forward to receiving your response within 21 days of the date of this letter. If I do not hear from you, I may take further action to recover the amount of these fees without further notice to you

Yours sincerely

[Sign your name here]

[Insert your Typed Name here]

## OPENING STATEMENT TO THE HOUSE OF REPRESENTATIVES

Standing Committee on Economics

Glenn Stevens

Governor

Canberra - 20 February 2009

*"Perhaps I should also make one or two comments about payments matters, given the impending changes to arrangements for ATMs. The new arrangements seek to remove several undesirable features of the existing system. In particular, fees paid between banks when their customers use each others' ATMs - 'interchange' fees - are not transparent, and are not clearly related to costs; fees paid by customers using ATMs other than those owned by their own banks - so-called foreign fees - are not always properly disclosed (and in many cases are higher than necessary); the earnings stream for owners of independent ATMs - about half the ATMs in Australia - are limited to the interchange fees paid by banks, which are of course their competitors, and access by new entrants is difficult, potentially limiting competition.*

*Under the new arrangements, there will be no interchange fees. An ATM owner will be able to charge the customer directly a fee for the use of the machine, but must disclose the fee prior to the transaction. Banks will probably continue to allow fee-free withdrawals by their customers at their own machines, because they expect to cover those costs with the revenue earned across the entire customer relationship.*

*Use of another bank's ATMs will presumably attract a fee by that other bank to cover the costs. But the only cost to a cardholder's bank associated with use of a 'foreign' ATM is the cost of processing the transaction electronically - a matter of no more than 10 cents.*

*Given this, we cannot see any strong case for a 'foreign' fee. Independent ATM owners will charge for the use of their machines, but that will maintain an incentive to grow their network. Otherwise, it is likely that the independents as a source of competition would diminish over time, reducing consumer choice. Access to the system will be governed by a code, which caps the price of connections, so that new competitors cannot be unduly hampered by the incumbent players over-charging to connect.*

*The essence of the changes is simple. People have always been paying, one way or another, to use ATMs. ATMs do have a cost of operation and somehow that cost has to be covered. Even where no explicit charge is levied, somewhere or other the financial institution is making up that cost. They do not provide services for free.*

*Now people will know exactly what the price of an ATM transaction is, and they will know it before completing the transaction. There should be no 'foreign' fees of any significance. And competition will be maintained, by allowing the independent ATM owners to remain viable and new competitors to enter more easily. That is, in our judgment, an improvement over the arrangements of the past and is the best way of keeping costs down in the long run."*

## **AUTHORITY FORMS**

I have had a variety of Authority forms sent to me when acting as an Agent for my clients. Some are very simple, yet others become increasingly complicated and difficult the more questions I ask, to the point where sometimes they are not accepted, simply because they do not want to talk to me.

*Dear Thomas*

*Before I am going to discuss anything with you it is imperative that I first speak with your client.*

*The authority form is restricted to Collections use only and I will not be amending it to include the entire organisation. Should you wish to be an authorised party in this manner you will be required to present at any Westpac branch, with your client, and both undergo a 100 point identification check.*

*If your client wishes for you to have such authority it is her decision but it is the only way for it to be granted and there are no exceptions, I trust you understand.*

*The rest of your queries cannot be answered without you being an authorised third party. I cannot continue to liaise with you further, nor can any other member of staff, unless you have the correct authorisation.*

*I look forward to discussing this matter further if I have to hand the required authorisation.*

*Kind regards*

*Andrew King*

*Secured Recoveries, Pre Legal*

*Westpac Banking Corporation*

*GPO Box 1400 Adelaide South Australia 5001*

*Phone +61 8 8177 7987*

*Fax +61 8 8177 7265*

## AGENT AUTHORITY

To: Westpac Banking Corporation ABN 33 007 457 441

"Collections"


<b>1.</b>	<b>Customer Details</b>	<b>"The Borrower"</b>
	Account Number _____	
	Customer One's Full Name _____ Address _____	
	Customer Two's Full name _____ Address _____	
<b>2.</b>	Customer Three's Guarantor's full name _____ Address _____ <b>Third Party Details. (If the Borrower resides in Victoria, the Third Party hereby declares that the Third Party is over the age of 18 years)</b> <div style="text-align: center;"><b>"Third Party Details"</b></div> Third Party Name _____ Contact Name _____ Third Party Position/Relationship to Customer _____  Third Party Address _____ Telephone _____ Facsimile _____	
<b>3.</b>	<b>Detailed Information</b> The Borrower named herein authorises Collections to: (a) Give and receive information from the in connection with all and any of my/our accounts with Westpac Banking Corporation ("the Accounts"). (b) Advise and liaise with the Third Party on my/our behalf if the Accounts are in arrears, where possible to arrange with the Third Party how to rectify the situation, including, without limitation, entering into repayment arrangements with the Agent which will be legally binding upon me/us. (c) Provide the Third Party with the amount required to fully discharge the Accounts including any interest charges overdue payments, bank fees, legal charges and any other fees that arise as a result of failure to make the required payments. (d) Make available to the Third Party a copy of all credit reports relating to the Accounts. (e) Provide the Third Party with consumer credit information held by Collections, with the exception of those items outlined under "Restricted Information". <b>Note:</b> You can restrict information in section 3 by ruling out the appropriate section.	
<b>4.</b>	<b>Restricted Information</b> The Borrower does not wish Collections to disclose the following information to the Third Party _____ _____ _____	
	<b>5.</b>	
	<b>Limit of Authority</b> This authority will continue until revoked in writing by the Borrower	
<b>6.</b>	<b>Declaration and Indemnity</b> The Borrower named herein declares that all the information provided is true and correct. The Borrower will not hold Collections liable for any loss sustained as a result of any act error or Omissions by the nominated party. All parties agree to be bound by the above terms and conditions in relation to the appointment of a nominated party, the disclosure of information and any restrictions that apply.	
	1. Signature Borrower _____ Date _____ Signature of Third Party _____ Date _____	2. Signature Remover _____ Date _____ 3. Signature Borrower/Guarantor _____ Date _____

Return Details: GPO BOX 400, Adelaide SA 5001  
 collections@westpac.com.au, Facsimile 1300 651 120

With all Authority forms it is important to correct the status you are given by default, and make sure that you change the details to suit. The above form was sent to me from Westpac, and I did not agree with the format, so I changed it to the one on the following page. Please note the differences.

## AGENT AUTHORITY

101 Westpac Banking Corporation ABN 55 007 457 141

<b>1</b>	<b>Customer Details</b>	<b>"The Borrower"</b>
	Account Number	
	Full Name	Address
<b>2</b>	<b>"Third Party Details"</b>	
	mediator/no interest	
	Third Party Name	Contact Name
	Third Party Postal Relationship    E-mail	
	c/o PO Box 7380 West Lakes, Adelaide, SA 5021	
	Third Party Address	Telephone    classifiedbook@gmail.com
<b>3</b>	<b>Detailed Information</b>	
	The Borrower named herein authorises Westpac Banking Corporation to:	
	(a) Advise and liaise with the Third Party on my behalf in connection with all and any of my accounts with Westpac Banking Corporation ("the Accounts").	
	(b) In accordance with the "Notice of Adequate Assurance of Due Performance" and the "Notice of Default and Demand" duly served by registered mail on Westpac Banking Corporation on 18th May 2009 and 4 June 2009 respectively by the Third Party, make available to the Third Party the Westpac Bank ledgers created at the time of the opening of each account to the current date, together with a signed and duly witnessed Affidavit confirming this is a true and accurate record of each account	
	(c) Make available to the Third Party a copy of all credit reports relating to the Accounts.	
	(d) Provide the Third Party with consumer credit information held by Westpac Banking Corporation, with the exception of those items outlined under "Restricted Information"	
	Note you can restrict information in section 3 by ruling out the appropriate section	
<b>4</b>	<b>Restricted Information</b>	
	The Borrower does not wish Collections to disclose the following information to the Third Party	
<b>5</b>	<b>Limit of Authority</b>	
	This authority will continue until revoked in writing by the Borrower	
<b>6</b>	<b>Declaration and Indemnity</b>	
	The Borrower named herein declares that all the information provided is true and correct. The Borrower will not hold Westpac Banking Corporation liable for any loss sustained as a result of any act error or Omissions by the nominated party. All parties agree to be bound by the above terms and conditions in relation to the appointment of a nominated party, the disclosure of information and any restrictions that apply	
	<div style="display: flex; justify-content: space-between; align-items: flex-end;"> <div style="text-align: center;">               Signature of the Third Party    Date           </div> <div style="text-align: center;">             30/07/09              Date           </div> </div>	

Return Details: GPO BOX 1400, Adelaide, SA 5001

## NOTICE OF TERMINATION

This is timely notice that this contract and any obligation it created is hereby terminated for failure to provide Adequate Assurance of Due Performance as outlined in International Contract Law and UNIDROIT Principles of International Commercial Contracts 1994.

### **Article 7.3.4 - Adequate Assurance of Due Performance**

*A party who reasonably believes that there will be a fundamental non-performance by the other party may demand adequate assurance of due performance and may meanwhile withhold its own performance. Where this assurance is not provided within a reasonable time the party demanding it may terminate the contract.*

All requests have been made in writing, and service has been recorded via registered post with delivery confirmation. Despite these requests for full disclosure I have not received information from the Bank to assure me of its performance, and that I received proper consideration to support the contract.

It must therefore be assumed that the Bank did not lend me its own pre-existing money or assets (including pre-existing money or assets it may have sourced from another institution), but merely monetised the loan instrument, my promissory note, creating a credit on account through bookkeeping entries that it used to fund the loan, as I have not received information to the contrary.

That would be an exchange, not a loan, and have not received full disclosure that I was to be the source of the funds. That is misrepresentation and fraud as I believed the Bank would be lending me its own pre-existing money.

**You are requested to immediately release any deed, title or other document that you may be holding, and return to me at the address below within seven (7) days of receipt of this notice. Failure to do so will result in an action at law to recover it. Further you are directed to correct any record of bad credit that you may have lodged with Veda Advantage, Dunn & Bradstreet or any other credit reporting agency within seven (7) days.**

Regards

John-Henry of the Doe Family

Principal Creditor for JOHN HENRY DOE TM

C/o Insert Address

Insert Date



## PRINCIPLES OF EUROPEAN CONTRACT LAW

**Article 8:105: Assurance of Performance**

- (1) A party which reasonably believes that there will be a fundamental non-performance by the other party may demand adequate assurance of due performance and meanwhile may withhold performance of its own obligations so long as such reasonable belief continues.
- (2) Where the assurance is not provided within a reasonable time, the party demanding it may terminate the contract if he still reasonably believes that there will be a fundamental non-performance by the other party and gives notice of termination without delay.

**1. General.** This Art. is in favour of the creditor that has reasonable grounds to believe that the debtor will not perform. The direct antecedent of this provision is not to be found in any European legislation but in § 2-609 UCC – Right to Adequate Assurance of Performance. This principle is also well established at the international level, where Art. 71 C.I.S.G. like Art. 8:105, entitles the party to withhold his/her performance when, after the conclusion of the contract, it becomes apparent that the other party will not perform a substantial part of his/her obligations. The first party has to give notice of the suspension to the other party and must continue with the performance if the other party provides adequate assurance of his/her performance. C.I.S.G. applies, but not only, to cases of insolvency.

PECL creates two different sets of rules for two different cases. "it is clear that the debtor will not perform" and "the creditor reasonably believes that there will be a fundamental non-performance". If it is already clear to the creditor that the debtor will not perform, Art. 9:201(2) and Art. 9:304 PECL will come into play. These Arts. gave the creditor the possibility of an anticipatory breach if it is evident that the debtor will not perform; the creditor can therefore withhold performance or terminate the contract without waiting for the due date. If it is not clear that the debtor will not perform, the creditor might be reluctant to avail himself herself of the instruments provided for in Ch. 9 PECL, because this may affect the possibility of receiving performance at all. It is at this point that the remedy of Art. 8:105 PECL may come into action. Thus, in all cases where it is not clear that the debtor will fail to perform, but the creditor has reasonable grounds to believe that the creditor will not perform, Art. 8:105 gives the creditor the right to withhold performance and to demand adequate assurance of due performance. If the debtor does not give the requested assurance, the creditor has the right to terminate the contract. The Comment to this Art. indicates that failure to give the requested assurance is considered in itself a fundamental non-performance.

**2. Adequate assurance.** For a correct application of the rule it is important to ascertain the exact meaning of "adequate assurance". *Comment D* provides some guidelines: the adequacy of assurance depends on circumstances such as the debtor's standing and integrity, his/her previous conduct in relation to the contract, the nature of the event that creates

## UPDATE - SECURITISATION

As this is the updated version of this book, which was originally written in 2009, I have decided to include mention here of the underlying fraud in all mortgages which many people are still unaware of.

I have spoken to many bank staff including tellers and managers, and it surprises me just how many of them are completely ignorant about this matter.

Some have never heard of the term, some claim that the bank doesn't do it, and some have heard the term but don't know what it means.

I usually have to explain to them just what the process means, and they often look at me with blank faces, as if to say "your joking right". Of course I'm not.

Now you may already be well researched in this area, and there are other books in this series that go into much more detail, so. The final book in the series, COSMIC TOP SECRET, which obviously was not even considered when I wrote this book, includes a 20-page guide on how to conduct your own investigation and search for the elusive Trust documents.

As a brief outline, taking into consideration that you might not know anything about the subject, as I myself did not back then, I will give you a brief overview.

Securitisation is the catch phrase that is used to describe the complex structure of selling securities on the stock exchange, backed by tranches (pools) of residential mortgage instruments.

The bank essentially sells your mortgage, along with thousands of others, to a special purpose vehicle or entity (SPV) which is controlled by a nominated Trustee.

The mortgages are pooled together by type, for example full documentation loans or low doc. loans, and also by the year of origination. Sometimes they are also grouped into specific regions or states, as well as underlying dollar value ranges or risk.

Each of these factors determines the pools rating, which is assigned by the major agencies such as S&P, Moody's and Fitch. These bond issues, or more accurately commercial paper or debt issuance programs, are commonplace and often backed by government securitisation programs.

While all of us are blissfully unaware of this going on behind the scenes, our mortgages are being sold and traded, and we have no idea who the real owners or interested parties are.

The bank neglects to tell us that it has sold the debt, but we keep paying them because they have been hired by the Trust as the servicer of the loan. Those mortgage payments simply pass through the Bank, and they are paid a fee for the service rights.

In the US, there has been an incredible upheaval in this area since the Goldman Sachs affair, and with the investigation of the MERS electronic title transfer system, it has been established that a great percentage of foreclosures were fraudulent, simply because the chain of title to the underlying mortgage was broken, or the plaintiff didn't have the standing to make a claim. In other cases there was bifurcation (separation) of the note and the mortgage, rendering it void.

As I have come to the end of this book, I will leave you with a few of examples of the thousands of securitisation and trust documents that we have gathered since 2009 on this topic.

If you have any concerns about your mortgage, I would suggest reading through the information in the final three books in the series, and then conducting your own investigation.

Once you have the details of where you believe your loan instrument and mortgage have been transferred to, you can then decide what steps you want to take.

This may be as simple as meeting with your bank manager or broker to discuss your concerns, or if you feel that this is unacceptable in terms of non-disclosure, you may wish to join a class action group or challenge the bank directly using an ombudsman or lawyer.

If you are already at the point where you are either challenging the bank or are facing foreclosure for whatever reason, there are some excellent options available to you.

The key to being successful in my opinion, (keeping in mind that we do not yet have legal precedent to rely upon here in Australia such as the Credit River decision or other recent US foreclosure cases), is making the right submissions to the court.

There are forms and procedures available for compelling production of the documents we have been asking the bank for, in books one and two. These include a "Notice to Produce for Inspection" and "Subpoena to Attend to give Evidence and to Produce" as mentioned in book 8.

Hopefully, soon there will be someone out there in the position to compel the court (to provide it with the energy to "move") to force the bank to show it has jurisdiction (standing) to make a claim.

People are losing the battle right now for the simple fact that the Bank and Court have reversed the legal requirement of proof of claim, so that the defendant is forced to provide proof that the loan has been securitised, including which pool it is in.

Obviously the precise location is only known to the bank and trustee, therefore we must turn that catch-22 situation around and make them produce the evidence.

After all, it is their claim that you have not paid them. It is only right that you ask to see the proof that they are still the owners of the note, and not just the servicer.

Do not accept a copy of the note either, or a lawyers letter that states he sighted the original note. Neither are proof of current ownership, but this is the ridiculous argument that the courts are relying upon to effect default judgement.

They simply have no evidence to the contrary, and therefore must accept for face value the banks claim of right, based on the fact that there was a contract in the first place.

Thankyou once again for your interest in my research. I hope you found it of interest.

Best

**Thomas Anderson 2012**



**DEBT ISSUANCE PROGRAMME**

**INFORMATION MEMORANDUM**

**Westpac Banking Corporation**  
(ABN 33 007 457 141)  
*as Issuer*

and

**Westpac Banking Corporation**  
(ABN 33 007 457 141)  
*as Arranger, Programme Manager and Dealer*

**14 March 2007**

## Introduction

Westpac Banking Corporation, acting through its head office in Sydney or a branch outside Australia ("Westpac"), may offer from time to time medium term notes ("Notes"), transferable certificates of deposit ("TCDs") and other debt instruments (including, without limitation, credit linked notes, other structured debt instruments or debt instruments that convert into another type of security and together with the Notes and TCDs, "Debt Instruments") under the Debt Issuance Programme described in this Information Memorandum ("Programme"). Wholly-owned subsidiaries of Westpac may be added as issuers of Debt Instruments under the Programme from time to time.

This Information Memorandum replaces the Information Memorandum dated 15 January 2007.

Each issue of Debt Instruments will be made pursuant to such documentation as Westpac may determine. Westpac may publish additional Information Memoranda which describe the issue of Debt Instruments (or particular classes of Debt Instruments) not described in this Information Memorandum. This Information Memorandum summarises information regarding the issue of Debt Instruments in registered form in the wholesale debt capital markets in Australia.

Subject to applicable laws, regulations and directives, Westpac may issue Debt Instruments in Australia and in any country outside Australia. The Debt Instruments will not be registered under the United States Securities Act of 1933 (as amended) ("Securities Act") and may not be offered, sold, delivered or transferred within the United States, its territories or possessions or to, or for the account of, U.S. persons (as defined in Regulation S under the Securities Act), except in accordance with Regulation S under the Securities Act or in certain transactions exempt from the registration requirements of the Securities Act.

Debt Instruments will be issued in one or more Tranches (each a "Tranche") within one or more series (each a "Series"). Tranches of Debt Instruments within a particular Series may have various issue dates, issue prices and interest commencement dates and, in respect of the first interest payment (if any), different interest payment amounts but will otherwise be issued on identical terms and conditions.

A supplement ("Supplement") will be issued for each Tranche of Debt Instruments issued under a particular Series and will contain details of the aggregate principal amount of the Tranche of Debt Instruments and the interest (if any) payable in respect thereof, the issue price, the issue date and the maturity date of the Tranche of Debt Instruments, together with any other terms and conditions and other information with respect to that Tranche which is not otherwise contained in this Information Memorandum or such other Information Memorandum issued in relation to such Debt Instruments.

Debt Instruments will ordinarily be unlisted, but application may be made to list Debt Instruments of a particular Series on the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 891) ("ASX"). The relevant Supplement in respect of the issue of any Debt Instruments will specify whether or not such Debt Instruments will be listed on the ASX (or another stock exchange).

Except as may otherwise be specified in the applicable Supplement, each Series of Debt Instruments will be issued in registered form pursuant to a deed poll executed by Westpac ("Deed Poll").

The Debt Instruments may be lodged in the Austraclear System. Debt Instruments may also be transacted through Euroclear Bank S.A./N.A. as operator of the Euroclear System ("Euroclear"), Clearstream Banking, société anonyme ("Clearstream"), and/or any other clearing system specified in the relevant Supplement (each a "Clearing System").

### Form of Debt Instruments

Debt instruments will take the form of entries in a register unless otherwise specified in the applicable Supplement. No certificate or other evidence of title will be issued unless Westpac determines that certificates should be available or it is required to do so pursuant to any applicable law or regulation.

The terms and conditions ("Conditions") of the Notes and TCDs are set out in this Information Memorandum and may be supplemented, modified or replaced as specified in the applicable Supplement for the relevant



# MARKET RELEASE

10 May 2010

## **TORRENS Series 2010-1 Trust**

### **ADMISSION TO OFFICIAL LIST COMMENCEMENT OF OFFICIAL QUOTATION**

Perpetual Trustee Company Limited in its capacity as trustee (the "Issuer") of the TORRENS Series 2010-1 Trust was admitted to the Official List of ASX Limited as a debt issuer on Monday, 10 May 2010.

Official Quotation of the following securities will commence on Tuesday, 11 May 2010.

- A\$1,017,500,000 Class A Secured Pass Through Floating Rate Notes maturing 16 May 2042

ASX Code: TRPHA  
ISIN: AU0000TRPHA8

The minimum trading consideration for the Notes on ASX is A\$500,000. The Notes are quoted on ASX's Wholesale Loan Securities Bulletin Board and currently are not eligible to be settled in CHESS.

Kimberley Brown  
Senior Adviser, Issuers (Sydney)

# TORRENS Series 2010-1 Trust

## Mortgage Backed Pass-Through Securities

\$1,017,506,000

CLASS A NOTES

Provisional Rating

"AAA" by Standard & Poor's (Australia) Pty. Limited ABN 62 007 324 852

"Aaa" by Moody's Investors Service Inc.

\$66,000,000

CLASS AB NOTES

Provisional Rating

"AAA" by Standard & Poor's (Australia) Pty. Limited ABN 62 007 324 852

\$16,500,000

CLASS B NOTES

"AA-" by Standard & Poor's (Australia) Pty. Limited ABN 62 007 324 852

**Joint Lead Manager**

Deutsche Bank A.G.,

Sydney Branch

ABN 13 064 165 162

**Joint Lead Manager**

Westpac Banking Corporation

ABN 33 007 457 141

**Sponsor**

Bendigo and Adelaide Bank Limited

ABN 11 068 649 178

### DETAILS OF THE HOUSING LOAN POOL

The following tables summarise the Housing Loan Pool as at commencement of business on 17 March 2010.

Further information regarding the Housing Loans and BEN's Housing Loan business is contained in Section 6.

#### Housing Loan Pool Overview

Number of Housing Loans:	7,031
Housing Loan Pool Size:	\$1,083,947,104.23
Average Housing Loan Balance:	\$154,166.85
Maximum Housing Loan Balance:	\$730,729.07
Minimum Housing Loan Balance	\$1,032.38
Total Valuation of Properties*:	\$2,358,008,114.00
Maximum Remaining Term to Maturity in Months:	357.0
Weighted Average Remaining Term to Maturity in Months:	315.6
Weighted Average Seasoning in Months:	33.2
Weighted Average Current Loan-to-Value Ratio*:	64.1%
Maximum Current Loan-to-Value Ratio*:	94.5%

THE THOMAS ANDERSON BOOK SERIES

*The books that the Government, Banks and Corporations don't want you to see.*



BOOK 1 90 PAGES  
CLASSIFIED

BOOK 2 106 PAGES  
EYES ONLY

BOOK 3 111 PAGES  
THE BLACK BOOK

BOOK 4 77 PAGES  
TAKING ON THE BANKS

BOOK 5 - 95 PAGES  
REVOLUTION

BOOK 6/7 114 PAGES  
SHADOW GOVERNMENT

BOOK 8 - 151 PAGES  
COSMIC TOP SECRET

THANKYOU FOR MAKING ALL THIS POSSIBLE!

Best Wishes

Thomas Anderson